



# CSR 2016

## Corporate Social Responsibility Report

CHINA BAOWU STEEL GROUP CORPORATION LIMITED



Corporate Social Responsibility Report 2016

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Friendly Baowu



Corporate Weibo  
of Baowu Group

China Baowu Steel Group Corporation Limited

Address: Baowu Tower, 1# Building, No. 1859, Shibo Avenue, Pudong New Area, Shanghai, China

Tel.: +0086 21 20658888

Fax: +0086 21 20658899

Postcode: 200126



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BAOWU

# 2016

Corporate Social Responsibility Report

## Report Overview

### About This Report

This Report is the first Social Responsibility Report released to the public by China Baowu Steel Group Corporation Limited (hereinafter referred to as "Baowu" or "the Corporation").

The Report has been drawn up according to the Guiding Opinions on the Management Enhancement in the State-owned Enterprises Directly under the Central Government (CSOEs) (SASAC Document [2012] No. 23), the Guidelines to the CSOEs on Fulfilling Corporate Social Responsibility (SASAC Document [2008] No. 1) and the Outline of Implementation of Harmonious Development Strategies for the CSOEs During the 12th Five-Year Plan issued by the State-Owned Assets Supervision and Administration Commission(hereinafter referred to as SASAC) of the State Council , the Sustainability Reporting Guidelines (G3 version) of the Global Reporting Initiative (GRI), the Ten Principles of the United Nations Global Compact, the theoretical research results of the Guidelines for the Compilation of Social Responsibility Reports by Chinese Enterprises issued by the Chinese Academy of Social Sciences and Baowu's unique understanding of social responsibility and its practical conditions.

### Scope of This Report

Unless otherwise specified, this Report mainly describes Baowu's efforts in honest business, value creation, environment management, employees, community and supply chain from January 1 to December 31, 2016. This Report covers steel and relevant manufacturing sector, steel and relevant service, finance, urban new industries and Wuhan Iron & Steel (Group) Corporation. All statistic data of 2014 and 2015 in the Report are from the former Baosteel Group Corporation.

### Language and Format

This Report is published in both Chinese and English. In the event of any discrepancy between the two versions, the Chinese version shall prevail. For any question or suggestion regarding this Report, please feel free to contact us via telephone or mail at:

**Corporate Communication Dept.**

**China Baowu Steel Group Corporation Limited**

**Address: Baowu Tower, Building No.1, No.1859 Shibo Avenue, Pudong New Area, Shanghai, China**

**Postcode: 200126**

**Tel: +0086 21 20658888**

**Fax: +0086 21 20658899**

**Email: csr@baowugroup.com**

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## Message from Chairman



01

## Steel Aircraft Carrier Baowu Sets Sail for a Long Journey

On December 1, 2016, Baosteel Group Corporation and Wuhan Iron and Steel (Group) Corporation merged and were restructured into China Baowu Steel Group Corporation Limited. The establishment of Baowu Group was a milestone for State-Owned Assets Supervision and Administration Commission of the State Council. It showcased comprehensive implementation of ideas promoted at the 18th CPC National Congress and the Third, Fourth and Fifth Plenary Sessions of 18th CPC Central Committee. It was a major step towards promoting M&As, sound development of China's steel industry, and supply-side structural reform. It also created the opportunity to actively respond to global competition, and improve enterprise quality and efficiency.

Baosteel and Wuhan Iron and Steel (Group) Corporation's merger has far-reaching implications in the context of supply-side reforms. From the perspective of corporate social responsibility, Baowu Group will first assume the leader's role in steel industry's development and technological innovation. As everyone knows, China's steel industry has reached a painful stage where it is "cutting overcapacity." In fact, apart from massive overcapacity, the industry also suffers from many other issues, such as low concentration of plants, irrational product structure, illogical locations, and uneven environmental management. This situation has come to the fore, due to years of extensive development of the entire industry. With establishment of Baowu Group, we intend to seek solutions to these issues, and play a leading role in cutting overcapacity, restructuring, transforming and upgrading, adopting energy-saving measures, and ensuring environmental protection and green development. We aim to be "a leader in the global steel industry and a world-class corporation."

Baowu Group's second mission is to be a pilot state-owned corporation focusing on capital investment. In accordance with CPC Central Committee and State Council's major decisions on enhancing state-owned enterprises' reforms, and based on functional orientation of corporations with state-owned capital investment, Baowu Group needs to transform itself. It must change from an operational administrator to a capital

administrator. It must prioritize developing multiple industries, including new materials, modern trade and logistics, industrial services, urban services and finance, while unrelentingly reinforce, improve and expand its main steel production business. The company will also enhance reform of three institutional mechanisms, and focus on specialization, have a professional management system, and streamline redundant administrative levels to enhance the company's fitness, quality and efficiency, to become a world-class technological innovation, industrial investment and capital management platform in the steel industry.

As the steel industry's flagship enterprise, Baowu has set sail. Despite the heavy burden on my shoulders, I'm fully confident in the future of our enterprise. My confidence stems from the fruitful decisions taken by the central government, and the interest and support from all segments of society, as well as the powerful alliance between Baosteel and Wuhan Iron and Steel (Group) Corporation. After the merger, Baowu will have the world's largest capacity for electrical steel production and third largest capacity for auto sheet production. The collaboration will significantly benefit a range of fields, including material procurement, technological R&D, division of production lines, and product sales. I'm also confident in our teams and our combined cultures. Baosteel and Wuhan Iron and Steel (Group) Corporation have both witnessed and contributed to China's industrial modernization. Our employees have a strong sense of historical mission and pride, as well as conviction to strive for the sustainable development of China's steel industry. Thus, they are innately in favor of Baowu Group's merger and this reboot, along with steady integration, incorporation and unification.

As a new age steel giant, Baowu Group dreams to build China into a great iron and steel power. To make this a reality, Baowu Group must constantly remind itself of its glorious mission, and we must stay true to the mission. Together, with stronger faith, higher morale, and more enthusiasm, we will draw a new road map, start new ventures, and create greater success!

Chairman and Secretary of  
the CPC Committee

02

## Message from President



### Transformation and Development 2.0

Being an extremely extraordinary year, 2016 witnessed a complicated and changeable political and economic situation in the world. The Chinese economy, under the new normal state, was tested on numerous occasions. Following guidelines proposed by the CPC Central Committee on the supply-side structural reform, Baosteel Group Corporation and Wuhan Iron and Steel (Group) Corporation officially unveiled their consolidation and restructuring campaign, which evoked keen interest and anticipation in all circles. In September, the State Council ratified their consolidation and restructuring plan. On December 1, China Baowu Steel Group Corporation Limited was officially established as a mammoth enterprise having over RMB700 billion in total assets, with the largest annual crude steel production capacity in China and second largest in the world. It was a milestone in global metallurgical history, and the precursor to an epoch-making revolution in China's steel industry. Baowu Group is selected as a pilot enterprise of state-owned capital investment companies to deepen reforms of state-owned enterprises. Therefore, seen from different perspectives, the Corporation entered an era of transformation and development 2.0 in 2016.

In 2016, Baowu Group lived up to expectations from various walks of life and made a good start. Firstly, the Corporation saw a big rebound in its business performance and had much higher profitability. With an annual steel production of 58.4 million tons, it earned RMB309.62 billion in operating revenues and RMB7.03 billion in profits, resulting in a profit growth far above the national industry average over the same period. Secondly, the Corporation comprehensively accomplished its planned annual target of dissolving overcapacity. Based on the target responsibility pledge for overcapacity dissolving signed with SASAC, and in combination with its own practices in industrial distribution optimization, Baowu Group cut down 9.97 million tons of steelmaking capacity totally, and accomplished 64.65% of its three-year cut-down target in 2016, thus making itself a role model for excessive capacity cut-down in the industry. Thirdly, the Corporation continued to deepen reforms, and a general framework took shape. Based on the instructions of the CPC Central Committee on deepening reforms of state-owned enterprises, it issued "1+N" document plans, with Opinions on Deepening Reforms at its core, supported by Opinions on the Active and Prudent Promotion of Mixed-ownership Reforms of State-owned Enterprises in Subsidiaries (tentative), Directive Opinions on Improvement of Corporate Governance Structure in Subsidiaries (tentative) and Essentials for Upholding Leadership by the Party and Strengthening Party Building While Deepening Reforms of State-owned Enterprises in Full Scale. These documents helped to define the general reform framework and laid the groundwork for further deepening reforms in the Corporation.

We have taken the first step towards a successful consolidation and restructuring campaign of Baowu, but there is still a long way ahead. On the one hand, we are facing a grim environment: the entire global economy is hobbling and the Chinese economy is under considerable downward pressure although it is in a period of important strategic opportunities. There is a general oversupply of products in China's steel industry which is unchanged, while inefficient and disordered competition remains in the industry. On the other hand, with such a high hope

placed on Baowu Group, the CPC Central Committee and State Council opted to have the Corporation be a pilot enterprise of state-owned capital investment companies. Therefore, it is imperative that Baowu Group go further in its transformation and development.

Looking ahead, Baowu Group has defined its corporate vision as "becoming a leader in the global steel industry and a world-class corporate group." Its corporate mission is "to drive the transformation and development of the steel ecosystem into a green and smart industry, and to enhance the joint growth of its stakeholders", and its corporate strategy is "pursuing development based on steel industry and in conjunction with other related industries." As a pilot enterprise of state-owned capital investment companies, Baowu Group has adapted to the trend of economic structure upgrade and, based on its capabilities and advantages, defined its business portfolio as the following six sectors: steel, new materials, modern trade and logistics, industrial services, urban services and industry chain finance. Among these, the majority of its assets are in steel, making it the principal vehicle for the Corporation to fulfill its responsibility in the industry, as well as a linchpin in its transformation from industrial management to capital operation. Baowu Group aims to build a green, competitive and smart steel industry, grow into the largest manufacturer and service provider of refined steel products in China and a leader in the world. Other diversified industries will be internally integrated in the next two years. A business system that features industry and Internet, industry and finance, and industry and city integration, as well as a green and smart steel industry ecosystem, and develop several pillar enterprises with hundreds of billions of yuan in revenues and tens of billions in profits, and a group of outstanding enterprises with tens of billions in revenues and billions in profits.

Baowu Group has already set sail. In 2017, we will focus on improvement of quality and performance as well as core competitiveness, push ahead with the market-oriented institutional and mechanism reforms with property rights system reforms at the core, refine our corporate governance, and strive to streamline the corporation and improve its quality and efficiency with determination. We will focus on outward-oriented development, push ahead with specialized integration, expedite platform-based operation, and assemble and develop superior enterprises so as to effectively make breakthrough from consolidation to fusion to integration. By integrating the industry with finance, city and the Internet, we will push ahead with industrial transformation and upgrade, and break new ground for the Corporation's development. We will strive to be the leader in the development of the industry, push ahead with strategy of innovation-driven development, improve our technical innovation system, and keep on improving the Corporation's competitiveness. We will make steady progress in group-wide operations as well as our performance in various aspects, and grow stronger, better and bigger to pay tribute to the upcoming 19th National Congress of the Communist Party of China!

陈德军  
President

China Baowu Steel Group Corporation Limited (hereinafter referred to as "Baowu Group"), established by consolidation and restructuring of former Baosteel Group Corporation ("Baosteel" for short) and Wuhan Iron & Steel (Group) Corporation (WISCO for short), was officially unveiled on December 1, 2016. Baowu Group is a pilot enterprise of state-owned capital investment companies with a registered capital of RMB 52.79 billion, an asset scale of RMB 739.5 billion and a staff of 190,800 people. In 2016, Baowu Group achieved the best performance in Chinese steel industry, realizing an operating revenue of RMB 309.62 billion and a profit of 7.03 billion.

According to the orientation of state-owned capital investment company, Baowu Group, with the development concept of "Innovation, coordination, green, open and sharing" and the mission of driving the development of green steel industry ecosphere and becoming the corporate model of common development of employee and enterprise, implements the "One body two wing" strategy with steel industry as the main body, smart manufacturing of green premium products and platform-based service for steel ecosphere as the two wings, striving to become the world class conglomerate leading the development of global steel industry, possessing the pillar industry related to steel industry with RMB 100 billion operating revenue and RMB 10 billion profit scale and a batch of backbone enterprises with RMB 10 million operating revenue and RMB 1 billion profit scale.

Baowu Group's current business involves five major sectors: steel and relevant manufacturing sector, steel and relevant service, finance, urban new industries and WISCO. Among them, steel as the main business of Baowu Group covers three major series of products: carbon steel, stainless steel and special steel. In 2016, the steel subsidiaries of Baowu Group produced 58.40 million tons of crude steel totally, ranking first in China and second in the world. As the leading listed company in Chinese steel industry, Baosteel Co., Ltd. registered a profit of RMB 11.5 billion approximately in 2016, becoming one of the most profitable listed steel companies in the world. Baowu Group's products are high-end oriented, and widely applied in the industries of automobile, household appliance, petrochemical, machinery manufacturing, energy and transportation, metal products, aerospace and nuclear power, etc. Baowu Group's steel-related service includes e-commerce, logistics, processing, data, resources service, information technology, engineering, production and life service, etc., and has two listed companies: Baosight Software and Baosteel Packing. Baowu Group's finance includes the industry chain financial service to propel the transformation and upgrading of steel industry; the capital operation business of investment financing, merger and acquisition to improve the operation efficiency of state-owned capital; the venture capital investment to support business innovation, etc. Baowu Group's urban new industries include the real estate development and operation to cooperate the de-capacity of steel industry, enhance the resource value of land element, and expand the carriers of business development, as well as urban new industry development, etc. WISCO's business includes logistics trade and deep processing, resource utilizing and new material, urban service, urban construction and environment protection, etc. Through Baowu Group's network all over the world, these lines of business provide products and services for the users in 75 countries and regions.

Baowu Group will continue to resolutely implement the five major tasks of "de-capacity, de-stocking, de-leveraging, cost reduction and makeup of weakness"; as a pilot enterprise of state-owned capital investment companies, Baowu Group will further deepen the state-owned enterprise reform, boldly innovate the systems and mechanisms, realize the shift from assets management and production management as the main to capital management as the main, and energetically propel the mixed ownership reform, equity diversification reform and 3 system reform. In the meantime, Baowu Group will energetically impel the internal consolidation and fusion, the main steel business will realize overall consolidation according to the principle of maximized synergy, and the diversified industries will form the platforms for professional development according to the principle of professional consolidation. Baowu Group will keep growing bigger and stronger, earnestly assume the mission of enhancing the international influence of Chinese steel industry, and shoulder the responsibility of enhancing the competitiveness of state-owned capital.

## Company Profile

# Business Sectors

## Steel and Related Manufacturing Sector

The sector involves such lines of business as carbon steel, stainless steel, special steel and related manufacturing (chemical products, etc.). The strategy of "greenness, refined products and smart manufacturing" is implemented for the main steel business. Strategy of greenness is to carry out environmental management, create green steel manufacturing, help develop urban ecological civilization and accelerate promotion of green transformation and upgrading of the industrial structure of the Corporation. Baowu is committed to always pursuing refined manufacturing to transform and upgrade from steel to material. And we have made our operational entities stronger by structural adjustments, integrated development and turning loss-making into profit-making and increasing profits, and become an intelligent service provider of three major refined steel products. Baowu carries out smart manufacturing, innovation-driven development, and promotes technology leadership and cost optimization to maintain and expand its differential advantages.

**Operating Revenue (RMB Billion): 177.21**  
**Total Profit (RMB Billion): 7.712**  
**Number of Employees: 83,950**

## Urban New Industries

It refers to such services as park development and operation services based on revitalization of real estate resources in stock, urban public services and urban social services. Urban new industries integrates and revitalizes the corporate group's stock of land resources with the land space as an important platform for the transformation and upgrading of the corporate group to promote the corporate group's service transformation and business extension.

**Operating Revenue (RMB Billion): 0.4**  
**Total Profit (RMB Billion): 0.26**  
**Number of Employees: 1,839**

## Steel and Related Service

It involves e-commerce, logistics, processing, data, resource services, IT, engineering, production services, solid waste reuse and other lines of business. The steel related service sector implements the development strategy of "focalization, integration and innovation" to achieve specialization of profit centers and specialization-based large scale development. We make full use of the group-level service industry development center to drive the rapid development of the corporate group's strategic service industry.

**Operating Revenue (RMB Billion): 100.94**  
**Total Profit (RMB Billion): -0.52**  
**Number of Employees: 28,300**

## Finance

It involves financial business like trust, securities, funds and financial leasing, capital operation business like investment and financing, mergers and acquisitions, as well as venture capital business like PE/VC. It makes full use of the existing financial industry development platform of the Corporation, with integration of the industry and finance as orientation, to vigorously promote the capability of the industry chain to provide financial services and realize the coupling development of industrial capital and financial capital to boost the transformation and upgrading of China's steel industry.

**Operating Revenue (RMB Billion): 3.58**  
**Total Profit (RMB Billion): 2.05**  
**Number of Employees: 1,269**

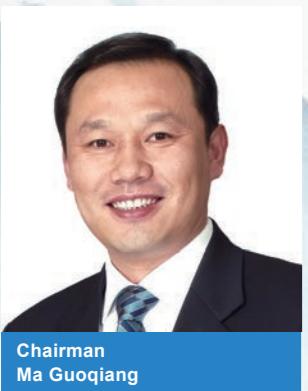
## Wuhan Iron & Steel (Group) Corporation (WISCO)

WISCO is engaged in such business as logistics trade and deep processing, resource utilization and new materials, urban services, urban construction and environmental protection. WISCO is sparing no efforts to build itself into an industry management company that relies mainly on the new city and new industrial services, focuses on the competitive industries, highlights the core competitiveness and leads the industry, has strong profitability and is highly respected by its staff and the society.

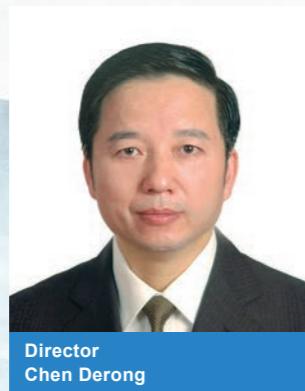
**Operating Revenue (RMB Billion): 77.34**  
**Total Profit (RMB Billion): -0.37**  
**Number of Employees: 72,990**

# Corporate Leadership

## Board of Directors



**Chairman  
Ma Guoqiang**



**Director  
Chen Derong**



**Outside Director  
Kerwei (Buck) Pei**



**Outside Director  
Shen Xiaowu**



**Outside Director  
Li Guoan**



**Outside Director  
Lin Jianqing**



**Employee Director  
Fu Lianchun**

Note: The first session of the board of directors of China Baowu Steel Group Corporation Limited was formally established and commenced operations on October 31, 2016.

## Senior Management



**Chairman and Secretary of  
the CPC Committee  
Ma Guoqiang**



**Director, President and Vice  
Secretary of the CPC  
Committee  
Chen Derong**



**Vice Secretary of the CPC  
Committee  
Fu Zhongzhe**



**Vice President and Member of  
the CPC Standing Committee  
Hu Wangming**



**Member of the CPC Standing  
Committee  
Dai Zhihao**



**Member of the CPC Standing  
Committee  
Zou Jixin**



**Vice President  
Liu Xiang**



**Chief Accountant  
Zhu Yonghong**



**Vice President  
Guo Bin**



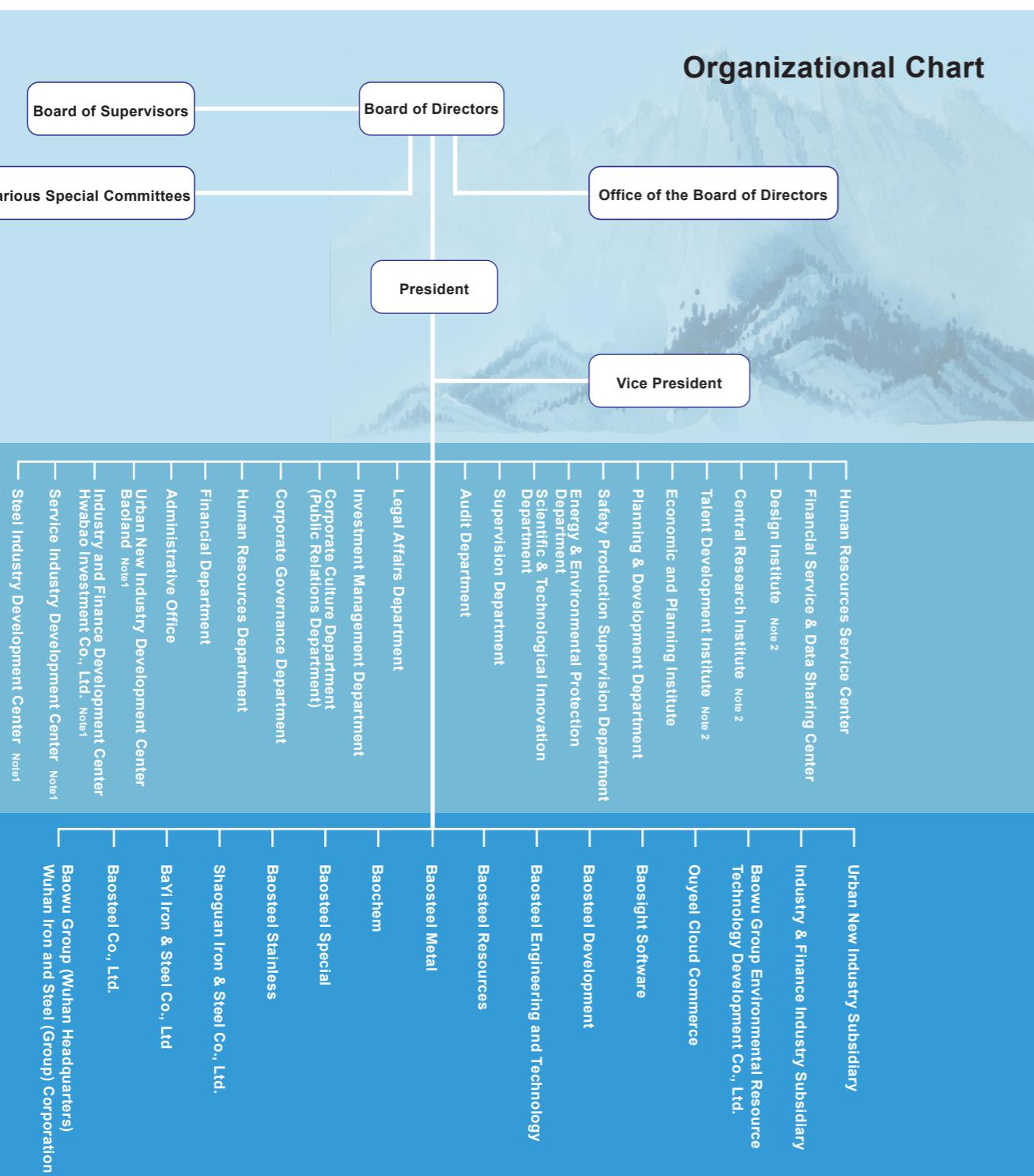
**Vice President  
Zhang Jin'gang**



**Member of the CPC Standing  
Committee and Secretary of  
the CPC Commission for  
Discipline Inspection  
Zhang Keqin**



Note: Since January 2016, Chen Ying has ceased to be Vice President of Baosteel.  
Since May 2016, Chen Derong has held office as Vice Secretary of the CPC Committee of Baosteel.  
Since May 2016, Zhang Keqin has held office as Member of the CPC Standing Committee and Secretary of the CPC Commission for Discipline Inspection of Baosteel.  
Since May 2016, Liu Zhanying has ceased to be Member of the CPC Standing Committee and Secretary of the CPC Commission for Discipline Inspection of Baosteel.  
Since August 2016, Zhao Zhouli has ceased to be Vice President of Baosteel.

**Note:**

1. The full name of the business departments is Steel and Related Manufacturing Development Center (Steel Industry Development Center), Steel and Related Services Development Center (Service Industry Development Center), Industry and Finance Development Center (Industry and Finance Development Center), and Real Estate and Urban New Industry Development Center (Urban New Industry Development Center). Industry and Finance Development Center and Hwabao Investment operate in the form of "one identical institution under two different names"; Urban New Industry Development Center and Baoland also operate in the form of "one identical institution under two different names".

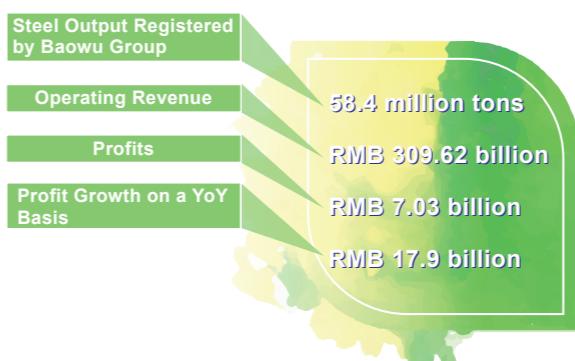
2. The Party School and the Talent Development Institute operate in the form of "one identical institution under two different names"; the Central Research Institute (Technology Center) and the Baosteel Research Institute (Technology Center) adopt integrated operations; Design Institute and Baosteel Engineering and Technology operate in the form of "one identical institution under two different names".

**Progression of Planning**

Under the guideline of supply-side structural reform and with the instruction of cutting overcapacity and adjusting structure of the steel industry, former Baosteel Group and WISCO were consolidated and restructured into China Baowu Steel Group Corporation Limited. Baowu Group is a mammoth enterprise with the largest annual output of crude steel in China and the second largest in the world, boasting a total asset over RMB 700 billion. This is a milestone in the history of the world's metallurgical industry and also a mark of the epoch-making reform in China's steel industry.

At Baowu Group, we earnestly study and implement the spirits of the 18th National Congress of the CPC and the third, fourth, fifth, and sixth plenary sessions of the 18th CPC Central Committee, and in accordance with the relevant requirements of the CPC Central Committee, the State Council and the SASAC, focus on the top-level design, intensify the reform, make all efforts to enable the Corporation to become leaner and healthier with enhanced quality and efficiency, focus on business optimization and speed up the transformation and upgrading, which has enabled a good start for the fostered new industries and significant improvement in the business performance.

In 2016, Baowu Group yielded 58.4 million tons of steel with an operating revenue of RMB 309.62 billion, a profit of RMB 7.03 billion and a year-on-year profit increase of RMB 17.9 billion, which is a substantial growth and is far beyond the average profit growth of domestic industry over the same period.

**Eliminating Backward Steel Production Capacity**

In 2016, Baowu Group outperformed the target of resolving the excess capacity of steel according to the overcapacity cutting target pledge and in combination with its own industrial layout optimization. A total reduction of steel production capacity of 9.97 million tons was achieved over the whole year, with 64.65% of the cutting targets of three years completed, of which Baosteel cut overcapacity by 5.55 million tons and WISCO by 4.42 million tons. The Corporation properly disposed of the debt problems involved in overcapacity cutting and resettled employees laid-off smoothly and orderly, thus ensuring the stability of the enterprise and the society.

**Planning and Development of the Steel Industry**

In the second half of 2016, under the guidance of the policies of the CPC Central Committee on the supply-side structural reform, the consolidation and restructuring of former Baosteel Group and WISCO was launched, and China Baowu Steel Group Corporation Limited was unveiled on December 1. Baowu Group is a mammoth

enterprise with the largest annual output of crude steel in China and the second largest in the world, boasting a total asset over RMB 700 billion.

After the consolidation and restructuring of Baosteel and WISCO, Baowu will, through the adjustment to the corporate group's development planning, present the advantages of intensive management strategy and large-scale management, exploit the synergistic potential of scale, variety, cost, technology, services and other aspects to achieve the purpose of consolidation, integration, fusion and combination after restructuring. The Corporation's steel industry planning and development is based on the following ideas during a period of time in future.

**Overall Development Strategy:** The steel manufacturing sector is the core business of Baowu Group and the main carrier for Baowu Group to undertake the responsibility of the industry given by the State. The steel manufacturing sector of Baowu Group implements the development strategy of "greenness, refined products, cost-effectiveness and smart manufacturing", with the mission of "the leader of the world steel industry" and the goal of "becoming a world-class smart manufacturing and service supplier of quality carbon steel, stainless steel and special steel".

**Construction of refined product platforms:** Providing users with complete steel solutions of carbon steel, stainless steel and special steel products and creating the smart manufacturing platforms for the three main refined products of the steel industry. Carbon steel: adhering to the development orientation towards high strength, long service life, corrosion resistance, light weight, eco-friendliness, and mainly providing efficient refined steel for automotive, machinery, military industry, home appliances, energy, electricity, ships, marine engineering and other downstream industries. Special steel: implementing R&D led differential development strategy with Baosteel Special Steel as the carrier and focusing on nickel-based alloys, special stainless steel, aerospace titanium alloy, nuclear power equipment steel and other special materials and gathering core and advantageous resources for building China's first-class high-quality special steel and special alloy R&D and industrialization base with global competitiveness. Stainless steel: creating a world-class smart manufacturing and service provider of stainless steel sheet with core manufacturing technology, leading service capabilities and cost competitiveness.

**Strategic layout optimization:** Baowu Group will continue consolidating the "Yangtze Economic Belt", strengthen the "Belt and Road Initiative" and expand the strategic steel layout of the Beijing-Tianjin-Hebei economic circle according to the national strategy to form a coastal, riverside T-type strategic layout; meanwhile, we will explore and deploy international space layout strategy, promote globalization of the corporate group orderly, implement studies on the layout of industry investment in the countries involved in the "Belt and Road Initiative" in Southeast Asia and South Asia, further improve the globalized steel logistics processing service system, promote international production capacity cooperation, and promote the layout of overseas steel industry bases when appropriate.

**Enhancing integration of main business:** Exploiting the synergistic potential of scale, variety, cost, technology, services and other aspects, integrating various types of advantageous resources within the corporate group, and deploying resources through internal market-based operation with strategy and problem as orientation, implement collaborative operation, and promote the integration, fusion and combination of the steel manufacturing sector to maximize the value of the corporate group.

## Strengthening Party Building

Baowu Group's CPC Committee thoroughly studies the guiding principles of General Secretary Xi Jinping's important speeches, comprehensively implements a series of policies and deployments of the CPC Central Committee since the 18th National Congress of the CPC and puts into practice the guiding principles communicated at the national state-owned enterprises Party building meeting. And during the process of restructuring and transformation and development of Baowu, the CPC Committee seriously fulfilled its responsibility as the main body for Party building, consistently adhered to the Party's leadership, strengthened the Party building, and by complying with the "four synchronization and four alignment" requirements, gave full play to its role as the leading and political core and provided strong political security for the restructuring. After the restructuring, there are 3,739 grassroots Party organizations at various levels of the Corporation, including 260 Party committees, 326 general Party branches and 3,153 Party branches. The total number of Party members is 95,300, including 64,700 ones on the job.

**I. Carrying out in-depth study and education of "two studies, one action" and promoting spread and extension of the Party education to ordinary Party members and to regular education.**  
Baowu Group Party Committee regards the study and education of "two studies, one action" as a major political task according to the unified arrangements of the CPC Central Committee. Party leaders take the lead in conducting in-depth study and actively practice the requirement of "giving the lead in seven aspects" to ensure that specified actions are implemented in place; concentrated study is organized according to the characteristics of steel enterprises and based on local conditions; study and education for oversea, localized and off-duty party members is flexibly arranged; new media such as Party building cloud, WeChat ID "Baowu Party Members" are made full use to push the Party rules and regulations and the knowledge points from series of speeches by General Secretary Xi Jinping; the principle of emphasizing strictness and facts is insisted on and supervision and implementation are strengthened; emphasis is put on settlement of the prominent problems of grassroots Party organizations with key tasks focused; and strong battle fortresses are built by exerting the role of branches as the main body with "two lists, one plan" as the starting point. Combination of study and education with central production and management work is insisted on to ensure that the results of study and education are converted into the practical action for corporate developing and flourishing.



### II. Including the general requirements of the Party building work in the articles of association of the Corporation and defining the legal status of Party organizations in the corporate governance structure.

In order to conscientiously put into practice the guiding principles conveyed at the national state-owned enterprises Party building meeting, especially the guiding principles of the speech by General Secretary Xi Jinping, and according to the requirements of the Organization Department of the CPC Central Committee and the Party Committee and the SASAC, the Party Committee of Baowu Group has included the general requirements of Party building work such as the setting and form, role, authority and responsibility of Party organizations, Party work organizations and staffing, and Party building funding in the articles of association of the Corporation and further defined the operating mechanism for Party committee to deliberate on the major issues of the Corporation. The Articles of Association of the Corporation has been revised and submitted to the SASAC for review and approval, and revision to the Articles of Association of subordinate companies is being steadily promoted.

### III. Insisting on planning and deploying the Party building work together with the center work, and preparing and implementing Party building work planning synchronously with administrative planning.

By working closely around the goal of building Baowu Group into a state-owned capital investment company with strong international competitiveness, the 2016-2021 administrative development plan was released while the outline of the 2016-2021 Party building plan was prepared and released. Emphasis is put on putting into practice the guiding principles conveyed at the Sixth Plenary Session of the 18th CPC Central Committee and the national state-owned enterprises Party building meeting and the guiding principles by General Secretary Xi Jinping on Party building, the "12345, 8 + N" system and the "eight implementation" working mechanism for Party building have been established so as to ensure that the implementation of responsibility, establishment of institutional systems and mechanisms, forces and equipment as well as instructions and promotion are in place.

### IV. Seriously implementing the responsibility of Party committees as a main body in Party building under the guidance of assessment and evaluation.

The Party Committee of Baowu Group constantly establishes and improves a system of responsibility for Party building and urges the

Party committees at various level to conscientiously play the main role in Party building. The Party Committee promotes the performance evaluation of the Party committees of secondary level units by "quarterly on-line pre-evaluation + annual site inspection" and conducts follow-up check and classified appraisal by combining online information examination, daily work survey and annual site verification, meanwhile, deeply promotes appraisal and evaluation of reporting by secretaries of Party organizations on their performance of duty for grassroots Party building. Based on summing up the experience as a pilot project of the Organization Department of the CPC Central Committee in 2015, the Party Committee of the Corporation explores and establishes a corresponding long-term mechanism, promotes the party secretaries to fulfill their responsibility as the first responsible person for Party building, strengthens their awareness of emphasizing Party building, and enhances their abilities for Party building.

### V. Exploring "Internet + Party building" and promoting the construction of Party building cloud platform.

With "full political life cycle management of Party members" and "the whole process management of Party building" as the goal, the Party Committee of the Corporation promotes the construction of "Baowu Party Building Cloud" platform. Until now, it has basically realized coverage of 3,582 subordinate Party organizations and 86,727 Party members and realizes online management of elections of new Party organization, Party organization assessment and evaluation, recruitment of Party members, organizational relations, Party membership dues, democratic appraisal and activities of Party organizations. With Baowu Party Building Cloud, dynamic and timely management of each Party branch and each Party member has been basically achieved.

## Social Responsibility Management

### Responsibility Governance

#### Social Responsibility Organizations



#### Process of CSR Report Preparation



### Responsibility Promotion

#### Selection and Release of Outstanding Cases of "Green Development and Environment Management"

In 2016, through the earnest review of experts review panel and voting on WeChat by the employees, Baosteel Group commended 10 "Outstanding Cases of Baosteel Green Development and Environment Management", which covered energy management, environmental protection, new energy development, comprehensive utilization of resources, hazardous waste disposal, city-industry integration and other fields and comprehensively represents the achievements of environmental management work, thus providing experience for future development of each unit.

<b>Baosteel Co., Ltd.</b> : environmental transformation of raw materials
<b>Baosteel Engineering &amp; Technology</b> : application of S-SCR flue gas denitrification technology at the 4# sintering plant of Baosteel Co., Ltd.
<b>Baosteel Co., Ltd.</b> : application practice of plant building roof photovoltaic power generation
<b>Baosteel Co., Ltd.</b> : development and application of roller slag processing technology
<b>Baosteel Engineering &amp; Technology</b> : development and application of Baosteel's multifunctional electrochemical water processor BEC
<b>Baosteel Engineering &amp; Technology</b> : technology of recovery of Baosteel Co., Ltd.: comprehensive utilization of the resources from social waste paint buckets
<b>Baosight Software</b> : system upgrading and promotion of enterprise resource management center
<b>Baochem</b> : new approaches to coking wastewater reuse
<b>Baosteel Special Steel</b> : mechanical vacuum transformation for energy conservation on the VD furnace in 40t steelmaking production line

### Release of Social Responsibility Report

On July 29, 2016, Baosteel Group held a social responsibility report release conference and more than 200 representatives of users and suppliers, of communities, of the staff and of the media attended the conference. At the conference, a video about environment management, Baosteel, Adding Beauty to the City showed people how Baosteel built a green, natural and poetic Baosteel by fulfilling its social responsibility with practical actions since being put into operation 30 years ago. The video Friendly Baosteel showed how the Baosteel people spread love and responsibility wherever they go. And 10 "Baosteel Green Development - Outstanding Cases of Environment Management" was also issued on the site.

At the conference, Baosteel's Vice President Guo Bin shared with the guests Baosteel's understanding of, advocacy and actions for social responsibility from four perspectives based on Baosteel's social responsibility practice over the 30 years. Baosteel Group's President and Vice Secretary of the CPC Committee Chen Derong made the keynote speech. He pointed out that Baosteel deepened reform and promoted transformation and development mainly based on three aspects: promoting supply-side structural reform and completing the difficult task of cutting overcapacity; adhering to the transformation direction of "One body two wings" and implementing innovation-driven development; building urban Baosteel to make it an integral part of the city, and contribute more positive energy to the city.

### Responsibility Communication

#### Plant Opening Up

On June 6, Baosteel Co., Ltd. invited a group of community residents of Baoshan District, deputies to local people's congress and media friends to visit the garden-like plant to have a more intuitive feeling and understanding of the environment-friendly Baosteel.

Blue sky and clear water are created and shared under the same sky. You can breathe the fresh air and enjoy the beautiful scenery as in the past.  
—Xiao Peng, a reporter of Sina technology website

"Having been living in Yuepu Town for half of our life, we are excited to have an opportunity to visit Baosteel!" Knowing that they have such a visit, Aunt Su living in No. 9 Yuepu Village specially called on several of her female friends to buy brown T-shirt in the same style (as shown in the picture) online. They were attracted by a variety of plants along the roads in Baosteel Co., Ltd. and stopped to take pictures from time to time.



How does a urban steel mill survive? The culture and soul possessed by each enterprise demonstrate its power, and the power of Baosteel is high technology. High technology is the safeguard of Baosteel's beauty.

—Zhuang Jian, a reporter of Jieman News

As a deputy to the people's congress of Baoshan District for six consecutive sessions, Ye Min has put forward a lot of suggestions to Baosteel in the past over two decades. "Baosteel regard each piece of our advice seriously and sincerely and is working on environment management wholeheartedly. I'm very happy to see that." While seeing the old picture of her master participating in the construction of Phase I Project of Baosteel at the Baosteel History Gallery, Ye Min signed with emotion and said, "My master has long left us. I'm so glad to see his picture again! I would like to tell him that Baosteel is now going on quite well."

Baosteel Zhanjiang Iron & Steel Co., Ltd. (Zhanjiang Iron & Steel for short) held its public environmental opening day on June 2. More than 100 teachers, student and parents paid a field visit to the plant construction and production of Zhanjiang Iron & Steel that day and had a detailed understanding of Zhanjiang Iron & Steel's management measures and achievements on environmental protection and pollution control as well as its efforts made on fulfilling its social responsibility. In August, 50 more Zhanjiang citizens were invited to visit the plant of Zhanjiang Iron & Steel. One of them who were deeply impressed made a comment that "It's amazing. They have advanced technology and environmental protection measures. The plant is free of dust and fume."

Shanghai Meishan Iron & Steel Co., Ltd. (Meishan Iron & Steel for short) held activities "Environmental Protection Opening Day" and "Understanding of Meishan Iron & Steel" by the public in June and December respectively. Nearly 100 teachers, students, media and community representatives were invited to visit the plant of Meishan Iron & Steel. Seeing the clean environment, some students made such comment as "My parents are both working for Meishan Iron & Steel, and I also want to be a real 'Iron Man' when I grow up," "There is clean environment and fresh air here. People are all friendly. It must be very happy to work here." One worker from Meishan Subdistrict said with emotion, "In spite of having served for Meishan for so many years, it is my first time to visit the whole production system here. We are proud to see such good environment and infrastructure at the plant of Meishan Iron & Steel."

#### Opinion Solicitation for 2016 CSR Report

In 2016, the Corporation continuously launched investigation into the concerns of social responsibility through its official website, paper questionnaires and other channels so as to help stakeholders know about the Corporation. Altogether 150 questionnaires were distributed during the survey and 150 responses were recovered.

##### Top 10 Issues of Concern

Economic indicators such as profit and sales	118
Corporate prospect	116
Compensation and benefits	112
Technological and management innovation	108
Charity work	104
Energy Saving and Emission Reduction	102
Employee career development	93
Green purchase chain	91
Strategic partnership	90
Safety and protection of rights and interests	82



HONEST BUSINESS

## Sincerity for Solidity, Integrity for Strength

Refining Corporate Governance to Build Century-lasting Foundation

No.1 *The first pilot enterprise of state-owned capital investment company in the steel industry*

Corporate governance is the cornerstone of sustainable development of an enterprise. On October 31, 2016, Baowu Group set up its first session of board of directors, with outside directors accounting for two thirds. The Corporation adheres to the leadership of the CPC, and embodies the general requirements for Party building in the articles of association of the Corporation, defines the legal status of the Party organizations in the structure for corporate governance and further improves the mechanism for deliberating on matters and decision-making.



## Corporate Governance

### Amendments to the Articles of Association and Rules of Procedure of the Board of Directors

According to the guiding principles of Circular on Restructuring of Baosteel Group Corporation and Wuhan Iron & Steel (Group) Corporation (No. Guozifagaige [2016]258) and the requirements of the Opinions of the Organization Department of the CPC Central Committee and the Party Committee of SASAC on Fulfillment of the Role of Political Core of the CSOEs under the Modern Enterprise System (No. Zhongbanfa [2013]5), and in combination with the practice of Baosteel Group Board of Directors as a pilot project, the Articles of Association of Baowu Group has been drafted and submitted for review and approval. At the same time, in combination with the guiding principles of the Articles of Association and operations requirements, rules of procedure for the Board of Directors and related special committees were worked out, which further details and defines the decision-making authority empowered by the board of directors to chairman and president, thus providing organization guarantee and system guarantee for compliant and efficient operation of the board of directors.



### Tenure of the Members of the Board of Directors and the Board of Supervisors and Their Operation

The first session of board of directors of China Baowu Steel Group Corporation Limited was formally established and started operation on October 31, 2016, which consists of Ma Guoqiang (Chairman), Chen Derong (Director), Kerwei Pei (Buck) (Outside Director), Shen Xiaowu (Outside Director), Li Guoan (Outside Director), Lin Jianqing (Outside Director), and Fu Lianchun (Employee Director).

A new session of the board of supervisors was dispatched to China Baowu Steel Group Corporation Limited according to the "Circular on Dispatch of the Board of Supervisors to China Baowu Steel Group Corporation Limited" (No. Guozifajidianu [2016]266) issued by the SASAC of the State Council on October 12, 2016. Zhao Hualin serves as Chairman of the board of supervisors, Wang Jianxiong, Chen Wei, Yang Weiguo and Zhao Shoushan are full-time supervisors and Xu Yadong, Liu Zhibo, Wang Wei and Li Xing are the staff members of the board of supervisors.

As of December 31, 2016, the situation of tenure in special committees by the members of board of directors was as following:

	Director	Nomination Committee	Remuneration and Appraisal Committee	Audit Committee	Strategy and Risk Management Committee
Chairman	Ma Guoqiang	●(Director)			●(Director)
Director and President	Chen Derong	●			●
Outside Director	Kerwei Pei	●	●	●(Director)	●
Outside Director	Shen Xiaowu	●	●	●	●
Outside Director	Li Guoan	●	● (Director)	●	
Outside Director	Lin Jianqing	●	●	●	●
Employee Director	Fu Lianchun				

In 2016, the board of directors of Baosteel Group held 10 meetings in total, the board of directors of WISCO held 7 meetings and that of Baowu Group held 4 meetings, discussing and deliberating on 79 items. Various special committees of the board of directors of Baosteel Group, surrounding the important items to be decided by the board of directors, held 9 meetings, deliberating on a total of 13 proposals and coming up with 25 special opinions. The office of the board of directors, in accordance with the relevant provisions of the Articles of Association of the Corporation, the Rules of Procedure of the Board of Directors and the rules of procedure of the special committees of the board of directors, implements the meeting affairs and secretarial work of each meeting and provides special services for the standard operations of the Corporation's board of directors.

Year	Board of directors		Special committees of the board of directors of Baosteel Group	
	Number of meetings convened	Number of items discussed and deliberated on	Number of meetings convened	Number of items discussed and deliberated on
2014	12	50	13	14
2015	14	58	15	21
2016	21	79	9	13

### Audit System

The internal audit of Baowu Group is oriented to the audit function of "promotion of both supervision and service, control on both process and result, as well as embodiment of both achievements and value". By centering on the requirements of operations and management and work focus of the company, audit resources are effectively utilized, and the risks and weak points in the management process are timely identified by conducting internal audit, so that full play is given to the dual functions of supervision and service of internal audit and effective support is provided for the strategic development of the company.

In combination with the requirements of audit work and characteristics of business areas of the Corporation, and based on the strategic goal of the Corporation, the orientation of audit work is set towards "Going beyond the account books, going deep into processes, supporting management and control and strengthening supervision" and a general audit system of vertical control with "two-level setting, unified management and shared resources" is formed, so that the audit work is promoted in a solid, order and secure manner by building a horizontal linking mechanism of standards unification, information sharing and task interaction" with business departments and the risk management department.

At present, Baowu Group and level-1 subsidiaries directly managed by it have set up independent internal audit departments, while level-2 (including) subsidiaries and below have no internal audit departments in principle, whose business are subject to the centralized management of internal audit departments of the subsidiaries one level higher. The Audit Department of Baowu Group reports to the board of directors and accepts the direction and supervision of audit committee, while its daily work is directly managed by president of the Corporation. The internal audit department of a subsidiary reports to the board of directors (or main responsible person) of the company it belongs to, and is subject to the professional leadership and "unified management" by the Audit Department of Baowu Group. "Unified management" is mainly reflected in such aspects as planning, coordination and

arrangement of audit work, appointment and dismissing of persons in charge of the audit departments, appointment qualification of audit personnel, and external audit agency management.

Effective operation of the mode guarantees requirements of various levels of operators for their own internal audit functions and required development, and also ensures that the whole internal audit system is capable of reaching the goal of "systematic planning of audit projects, unified deployment of audit resources, expanding and improving audit functions and effectively supporting strategic management and control".

In 2016, Baowu Group's internal audit system completed 439 audit projects, with 2,980 problematic items identified and 2,663 pieces of audit recommendations put forward.



Table of Completed Audit Projects in 2014-2016

Category of audit project	2014	2015	2016
Audit of financial revenues and expenditures	20	12	10
Audit of economic responsibilities	78	144	140
Audit of net assets of property right changes	29	52	38
Audit of final settlement at completion of investment projects	47	24	27
Audit evaluation of investment projects	6	12	11
Investment project cost auditing	11	11	9
Management audit	153	139	148
Other audit items			56
Total	344	394	439
Number of the items of investment project cost sent for auditing	389	525	616
Net project fund reduced after audit (RMB Billion)	0.34	0.43	0.45

## Anti-corruption Campaign

At Baowu, we put into practice the guiding principles of the 18th National Congress of the CPC and each plenary session of the 18th CPC Central Committee, and the spirits communicated at the national state-owned enterprises Party building meeting as well as central construction of the Party style and anti-corruption campaign for CSOEs, earnestly study and implement the spirits of General Secretary Xi Jinping's important speeches, seriously perform various tasks of comprehensively tightening disciplines and rules of the Party by putting disciplines and rules in the first place and deeply promote construction of the Party's work style and anti-corruption campaign.

### Improvement in the Organizational System and Work Mechanisms for Anti-corruption and Integrity Upholding

At Baowu, we thoroughly study and implement the arrangements of the CPC Central Committee on construction of the Party's work style and anti-corruption campaign and further enhance the awareness of performing "two responsibilities".

**Strengthening the breakdown and implementation of responsibility:** 53 key projects for construction of the Party's work style and anti-corruption campaign were broken down into leadership members and responsible departments. The Corporation organized level-2 units to sign and implement the pledge of construction of the Party's work style, and based on the situation of responsibility fulfillment and progression of key work, the Secretary of the CPC Committee and the Secretary of the CPC Commission for Discipline Inspection of the Corporation had group and individual interview with the heads and secretary of the CPC Commission for Discipline Inspection of subordinated units for 112 person-times. The Corporation convened accountability steering group meeting, listened to the reports on implementation of "two responsibilities" and key works of functional departments and studied and promoted new conditions and new issues of construction of Party's work style and anti-corruption campaign.

**Reinforcing supervision inspection and evaluation:** The Corporation organized special inspection of the implementation of "two responsibilities" and fulfillment of key work, found and corrected non-standard progression of key work, poor report on duty or poor fulfillment of duty and other issues, conducted assessment of the implementation of accountability system at various units and included it into the annual performance evaluation of Party organizations and leaders and 62 leaders and managers who failed in implementation of their responsibilities were held accountable.

**Further promoting "transformation of functions, ways and styles":** The Corporation highlights the main responsibilities of supervision and enforcement of discipline, builds up a loyal, clean and responsible full-time supervision team, earnestly implements the work approach of the nomination and investigation of secretaries and vice secretaries of the CPC Commission for Discipline Inspection mainly by the higher CPC Commission for Discipline Inspection together with organization departments of the higher level. Evaluation of the performance of secretaries of the CPC Commission for Discipline Inspection at level-2 units was conducted with the CPC Commission for Discipline Inspection at the higher level as the main force.

### Related Measures and Results

#### I. Persistent implementation of the CPC Central Committee's eight-point rules

**Seriously investigating behaviors that constitute flagrant violations of discipline.** The Corporation regarded violation of the CPC Central Committee's eight-point rules as the key point of disciplinary review and seriously investigated and disposed of issues such as using business vehicles for personal purposes, business reception exceeding criteria, illegal use of public funds to organize internal employee dinner and visiting tourist attractions

by taking advantages of business trips. The Corporation imposed Party and administrative disciplinary punishment on 30 persons, conducted admonition talks with 15 persons and criticized 43 persons by circulating a notice.

**Carrying out deep "re-examination" on rectification of "four undesirable work styles".** The Corporation made special inspection of rectification of "four undesirable work styles" of 26 grass-root units and rectified and corrected 63 issues concerning such aspects as approval of reimbursement of business reception expenses, business vehicle management, meeting fee payment and approval management of gift purchase.

**Strengthening reminding education and targeted supervision and inspection on major holidays.** Through interview and reminding as well as open review and secret visits, the Corporation found and investigated 4 cases of violation of discipline around 15 key points such as recreational activities, giving presents and traveling using public funds, using business vehicles for personal purposes, and issuing bonus and allowances by violating regulations.

**Improving long-term mechanisms:** The Corporation promotes system improvement on remuneration for performance of duty, business expenditure management, overseas business trip expenditure management, business vehicle reform and so on, and includes implementation of the systems in the scope of disciplinary inspection, special inspection and audit to prevent rebounding of the "four undesirable work styles".

### II. Further promoting regulated exercise of power

**Intensifying system construction:** The Corporation thoroughly sorted out and evaluated over 500 items of systems in such fields as investment management, financial management, human resources management, Party building, formulated and made amendment to 85 items of operations and management system including long-term investment management and post-investment project evaluation and 66 items of Party building system including the Implementation Points on Adhering to Leadership of the Party and Strengthening Party Building in All-round Deepening SOE Reform (Trial).

**Intensifying inspection and special inspection:** Baosteel Group revised the Implementation Measures for Disciplinary Inspection, set up special disciplinary inspection office under the Party Committee and strengthened the workforce; conducted "re-examination" of special governance of leaders' relatives' running businesses illegally, disposed of 6 leaders who did not report timely or rectify properly and imposed long-term non-admittance on 15 related units; conducted inspection and investigation on the management of sunshine procurement and sensitive posts, identified and rectified problems concerning 8 aspects including supplier management, online procurement performance and sensitive post passivation. WISCO conducted comprehensive disciplinary inspection around the implementation of "two responsibilities", personnel selecting and appointing and other key points, found and rectified 41 problems including setting up unauthorized department coffers, improper management of spare parts purchasing and so on, urged inspected units to formulate 62 correction measures, set up or improved 28 systems, imposed

Party disciplines or administrative disciplines on 8 persons; conducted special corrective campaigns including "clearing two aspects and regulating two fields" (clearing project affiliating and sub-contracting, standardizing sub-contracting, contracting, tendering and bidding, house renting), found and rectified 177 bidding problems including fake bidding, and bidding openly while deciding covertly; conducted special clearing of issuing bonus illegally and withdrawing illegally issued bonus of RMB 10.09 million.

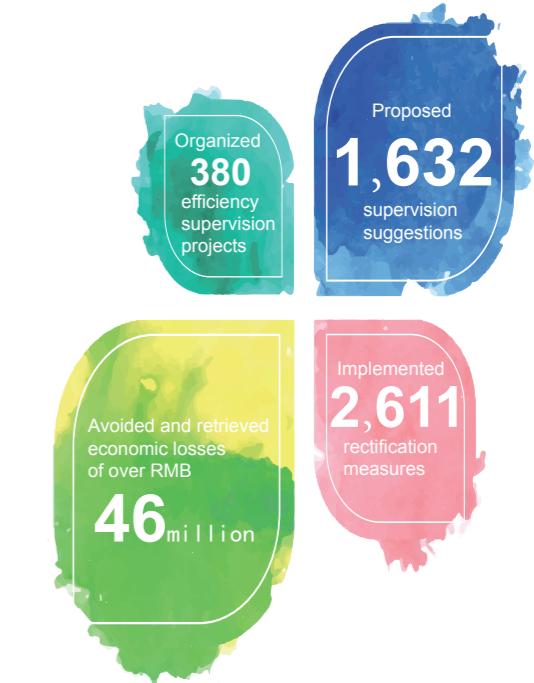
**Conducting performance supervision and inspection mainly centered on accountability and performance:** The CPC Commission for Disciplinary Inspection and supervision organizations at all level organized and implemented 380 performance supervision and inspection items around main fields and key links such as procurement and sales, energy conservation and environmental protection, cost reduction and performance improvement, managers' performance of duty, put forward 1,632 supervision and inspection suggestions, implemented 2,611 rectification measures, and avoided and recovered economic loss of more than RMB 46 million. 13 persons were held accountable for improper performance of duty such as illegal contract signing, illegal delivery of coking by-products and illegal crediting on product sales through performance supervision on such aspects as supplier management and control, alloy management and managers' performance of duty.

**Earnestly implementing rectification of problems found by the board of supervisors of SASAC:** Totally 113 rectification measures were developed and implemented for specific problems and weak links in the system capacity building reported by the board of supervisors, and operation risk worth RMB 7.1 million was recovered or resolved.

**Deepening function supervision:** Baosteel Group vigorously promotes source governance mainly including sunshine selection and appointment of cadres, sunshine salary management, sunshine

employment management, remuneration for sunshine performance of duty and business expenditure, sunshine procurement and sales and sunshine engineering construction.

**Setting up supervision and consultation mechanism:** Baosteel Group developed the Working System for Internal Supervision and Consultation, regularly organized board of supervisors, discipline inspection and supervision, audit, investment, finance, legal and other departments to study and analyze the emerging and tendency problems in management and operations, and campaign of Party's work style construction and anti-corruption to further improve the supervision performance.



### III. Intensifying supervision and restraint

**Strengthening warning education.** In 2016, discipline inspection and supervision organizations at all levels organized education of Party spirit, Party's work style and Party discipline for 2,968 times, with participants of over 115,000 person times.

Working items of integrity upholding	2014	2015	2016
Amount of part-time remuneration given in by directing staff (RMB 10,000)	40.7	27.7	18.2
Gift of money, gifts and securities given in voluntarily (person-times)	1,320	1,110	826
Amount of cash gifts, gifts and securities given in voluntarily (RMB10,000)	145.9	138.5	62.7

Note: WISCO is not included in the data of 2016.

**Strengthening discipline enforcement and review:** Discipline inspection and supervision organizations at all levels earnestly carried out duties given by the Party Constitution and persisted on putting disciplines and rules in the first place. The Corporation insisted on disposing of emerging problems or tendencies earlier and conducted admonition talks with 142 persons, criticized 125 persons by circulating a notice, made reminding interview for 1,985 person times and correspondence inquiry for 67 person times. Through disciplinary review, 296 supervision suggestions were put forward, and system improvement and process optimization for such aspects as material procurement, expenditure using and sensitive post management were promoted. Baosteel Group released 2 batches of no-admittance lists, in which 443 persons and 54 units were prohibited to have business with the Group.

Items	2014	2015	2016
Number of problem-related clues	279	801(including 419 clues handed over by the inspection team of the CPC Central Committee)	695
Number of cases filed for investigation	68	83	85
Number of cases closed	61	78	81
Number of people punished by Party discipline	15	50	54
Number of people punished by administrative discipline	61	41	55
Number of people with whom the labor contract was terminated	18	12	11
Number of people transferred to judicial organs	36	2	18

## Make Progress with Full Confidence and Enthusiasm

Innovation to Be Motivated; Make Progress and Continue to Go Beyond

### No.1 Our Profitability Keeps No.1 in the Steel Industry of China.

In 2016, Baowu Group achieved operating revenue of RMB 309.62 billion, and total profits of RMB 7.03 billion, with an asset scale of RMB 741.68 billion.

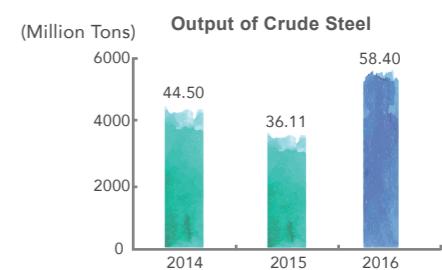
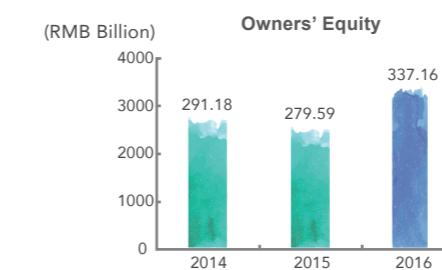
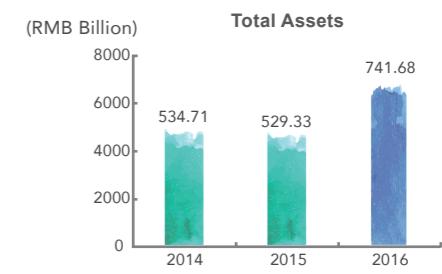
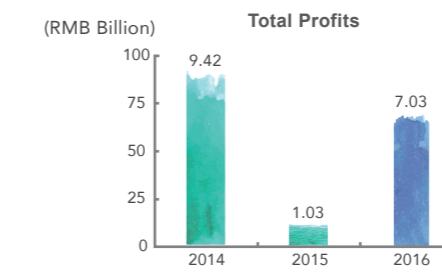
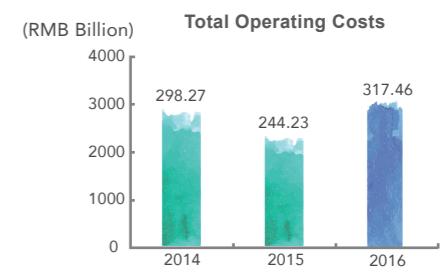
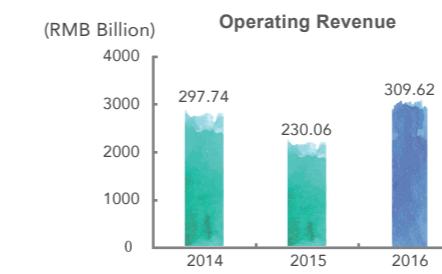
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## Direct Economic Performance

At Baowu Group, we earnestly study and implement the guiding principles of the 18th National Congress of the CPC and the third, fourth, fifth, and sixth plenary sessions of the 18th CPC Central Committee, intensify the reform, make all efforts to enable the group to become leaner and healthier with enhanced quality and efficiency, focus on business optimization and speed up the transformation and upgrading, which enables the economic performance to resume growth and profit structure and operation

quality to improve significantly, thus maintaining a development trend of "a slower but stable performance with good momentum for growth" in general. In 2016, the Group achieved steel production of 58.4 million tons, operating revenue of RMB 309.62 billion and profit of RMB 7.03 billion, outperforming the assessment target and completing the task of dissolving overcapacity ahead of schedule.



## Construction of Important Projects

### Zhanjiang Iron & Steel

In 2016, No. 2 blast furnace of Zhanjiang Iron & Steel was ignited, marking the completion of phase I of Zhanjiang Iron & Steel. After completion of the project, Zhanjiang Iron & Steel is accelerating transformation from engineering and construction to production and operation, its main production and technical indicators are steadily improved, its cost competitiveness is primarily revealed, and its business performance is better than expected.

### Long Steel Integration Project of Baosteel Special Steel

To speed up the transformation and development of long products of Baosteel Special Steel Co., Ltd. (Baosteel Special Steel for short) and promote the integration of the long products of Baosteel Group Guangdong Shaoguan Iron & Steel Co., Ltd. (Shaoguan Iron & Steel for short) and Special Steel of Baosteel, and build Shaoguan Iron & Steel into a high-end special steel long products base, Baowu organized the implementation of the long product integration project of Shaoguan Iron & Steel and Baosteel Special Steel and completed the transformation of the special steel bar production line of Shaoguan Iron & Steel. In 2016, the production capacity of the special steel bar products of Shaoguan Iron & Steel was greatly improved, and its business performance was improved significantly.

### Wesocool Innovation Park



In order to implement the national strategy to promote upgrading of industrial structure and growth, promote innovation-driven development, and cooperate with the construction of Shanghai Science and Technology Innovation Center, Baosteel Group set up Wesocool Innovation Park with the support of Shanghai Municipal Government and Baoshan District Government.

The board of directors approved four major risks and four important risks that should be focused on in 2016, which involved structure adjustment, restructuring optimization, inventory, credit, exchange rate risk control, liquidity risk prevention, execution of operating prohibitions, moral hazard prevention and so on. The Corporation defined the requirements for management and control of each risk and corresponding accountability units.



Since its establishment, Wesocool Innovation Park has been awarded with a number of qualifications and honors including Industry Demonstration Base (New Materials) for National New Industrialization, China Industrial Internet Innovation Practice Area, and Shanghai Interface Location for High-tech Achievements Transformation.

## Technological Innovation

Indicator	2014	2015	2016
Input in R&D (RMB Billion)	6.07	4.74	<b>6.17</b>
Percentage of R&D Input (%)	2.0	2.0	<b>2.0</b>
Number of Patent Applications	2,272	1,979	<b>2,534</b>
Sales Rate of New Products (%)	17.7	16.8	<b>14.0</b>
Number of Granted Patents	1,665	1,476	<b>1,879</b>
Economic Benefits of Scientific Research Projects (RMB Billion)	1.55	1.37	<b>1.7</b>
Amount of Technology Trade Contracts (RMB 10,000)	9,119	1,938	<b>6,075</b>
Number of Technology Trades	73	30	<b>50</b>

### Work Objective

Baowu constantly conducts and promotes optimization of innovation systems to enhance the capacity of technological innovation system, adheres to technology leadership, and promotes differential product R&D, cost reduction by technology, green smart manufacturing technology, so as to continuously enhance the ability to support business by technological innovation.

### System Building

#### Continuously optimizing technological innovation system to enhance technological innovation ability

In 2016, the Corporation set up Science and Technology Innovation Department at the group level to manage synergized innovation in a coordinated manner, established Baowu Design Institute aimed at the "last mile" problem in results transformation and built achievement industrialization platforms. On the basis of the practice of the first two rounds of "Golden Apple Initiative" and with continuous optimization and improvement, Baosteel Co., Ltd. implemented the third round of "Golden Apple Initiative".

The Corporation held the first session of technological innovation conference of China Baowu Steel Group Corporation, strengthened the technology leadership strategy, implemented system innovation, issued "1+N" policy documents, and continuously improved technological innovation system which integrates R&D, independent integration and continuous improvement into one.

#### Continuously building overseas R&D center, expanding the channels for use of external technical resources

In 2016, The Corporation continued to carry out the second round (2016-2020) of cooperation in the three major areas of steel, light metal and energy storage materials with Baosteel-Australia Joint Research and Development Center as a platform. Construction Baosteel-Birmingham University R&D center was formally launched, which is focused on the research of material service and safety evaluation to strengthen the service performance evaluation and alloy design capability of high temperature alloy and low temperature structural steel.



### Achievements of Technological Innovation

In the face of the complicated market environment, the Corporation adheres to the strategy of technology leadership, and vigorously promotes the development of differential products. A group of products realized global debut and coated iron, high strength stainless steel and other major innovative projects achieved new breakthroughs. Nine achievements were awarded with national or industry honors, of which "Research and Development of Integrated Technology of Thin-strip Casting and Rolling Products, Process and Equipment" won the grand prize of the Metallurgy Science and Technology Progress Awards, and "Development of Ultra-high Torsion Resistant Anti-sulfur Drill Pipe Products" was awarded the first prize of Metallurgy Science and Technology Progress Awards. The Corporation was listed among the first "Top 100 Innovation Enterprises Project Pilot Units" by National Development and Reform Commission, and was rated by the SASAC as "Outstanding Scientific and Technological Innovation Enterprises In 2013-2015 Term".

### Making new progress in new product R&D

As for high-performance carbon steel, high magnetic induction oriented silicon steel B27R080 and B30R090, ultra-high strength continuous tubing steel CT110, cold rolled ferric lightweight steel HC420/780DTR5 and other new products realized global debut. The first batch of coated steel products successfully rolled off the line, marking the completion and being put into operation of the first domestic high-end coated iron unit. WISCO's CSP successfully produced the world's first thinnest 0.8 mm hot rolled coil, signifying the very thin material production technology and mass production capacity of Baowu Group achieving internationally leading level. Clad steel plate product family continued to expand and achieved product certification continuously. Among them, stainless steel clad plate for pressurized vessels passed the technical evaluation of China Standardization Committee on Boilers and Pressurized Vessels and marine duplex stainless steel 2205 clad plate was certified by BV Classification Society.

As for high-end stainless steel, development of precipitation hardening wide stainless steels and dual-phase stainless steel ultra-wide plates for nuclear power achieved a major breakthrough and successfully broke the monopoly of foreign enterprises in the dual-phase stainless steel ultra-wide plate products for nuclear power. High-strength stainless steel was successfully applied to new energy cars, making the first prototype car manufactured and shown at Commercial Vehicles Hanover in German and helping the realization of lightweight car body.

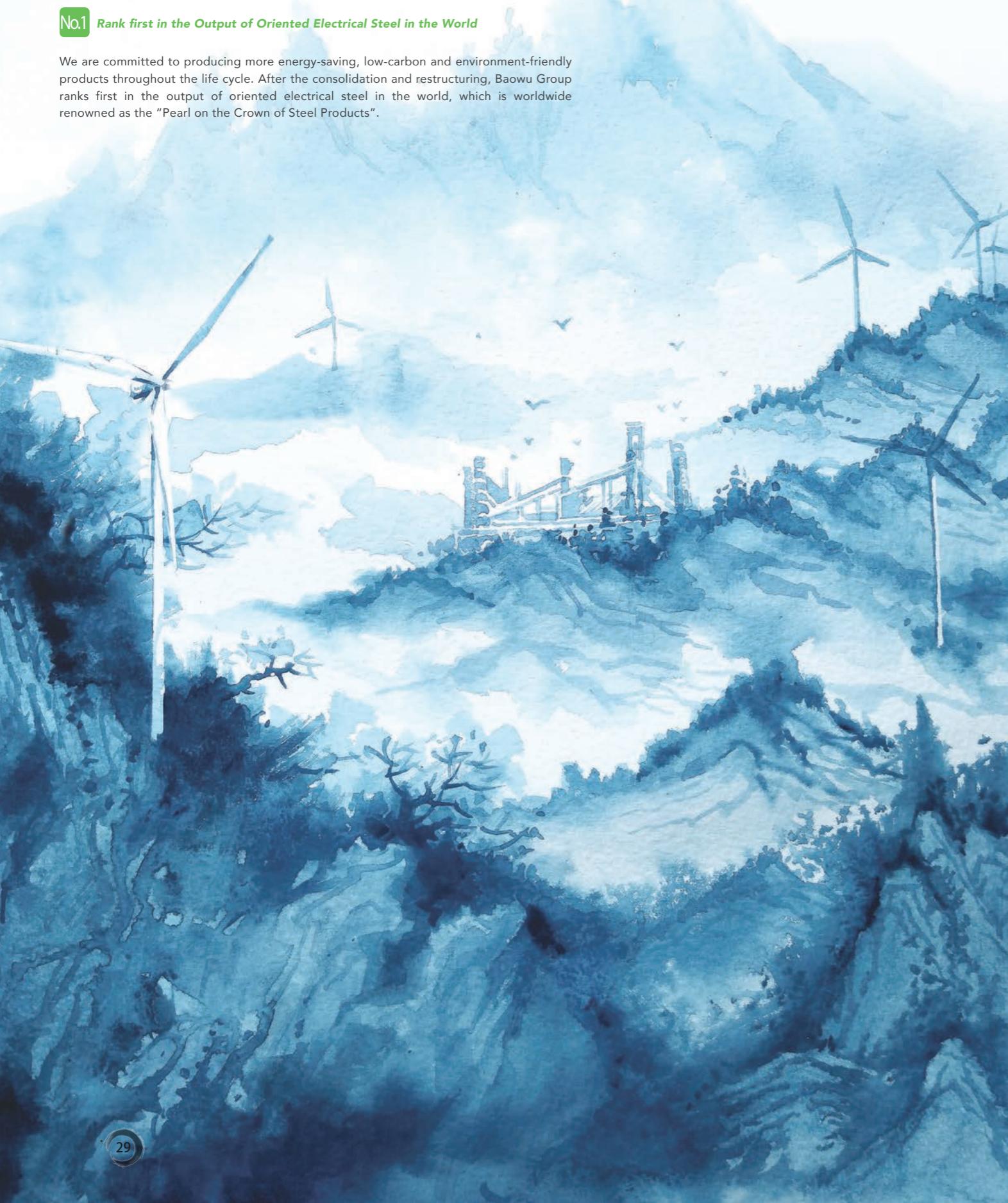
As for high-quality special steel, the whole process trial production of alloy stator and rotor shielding housing thin plate for nuclear power main pumps was completed, breaking the monopoly of foreign enterprises and making Baowu the only enterprise to provide the thin plate for nuclear power main pump shielded housing in China. After 10 years of unremitting efforts, the supporting turbine rotor forging and ultra-long fine thin-walled pipes for Long March No. 5 Carrier Rocket were successfully developed, making an important contribution to the new generation of carrier rocket of China.

## Clean Water and Blue Sky Creates Sustainability

**Energy Conservation, Emission Reduction, Benefit-making, Uphold Faith for Sustainable Development**

### No.1 Rank first in the Output of Oriented Electrical Steel in the World

We are committed to producing more energy-saving, low-carbon and environment-friendly products throughout the life cycle. After the consolidation and restructuring, Baowu Group ranks first in the output of oriented electrical steel in the world, which is worldwide renowned as the "Pearl on the Crown of Steel Products".



#### Environment management vision

Driving the development of green steel industry ecosystem

#### Environment management objective

Creating a competitive green corporate brand

#### Management Guidelines

- Complying with environmental laws and regulations
- Implementing responsibility as a legal entity
- Adhering to resource and environment restraints
- Building green production mode
- Upholding innovation, coordination and opening
- Promoting transformation of industrial structure
- Adhering to shared and integrative development
- Promoting urban ecological civilization
- Adhering to the strategy of excellent and special products
- Fostering the advantages of green brand
- Adhering to both advocacy and practice
- Leading green lifestyle

#### Management principles

Baowu Group adopts the environment management principle characterized by legal person responsibility system, "Party and administrative leaders sharing responsibilities and one position

taking both the responsibilities for production and environmental protection", hierarchical management, conducting control and management by industry, comprehensive coverage of business and localized synergy on energy saving and environment protection.

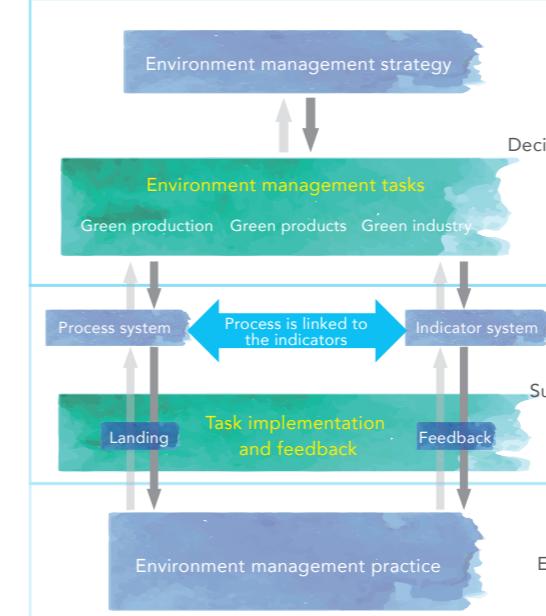
#### Management system

##### Establishment of Environment Management and Industry Development Committee

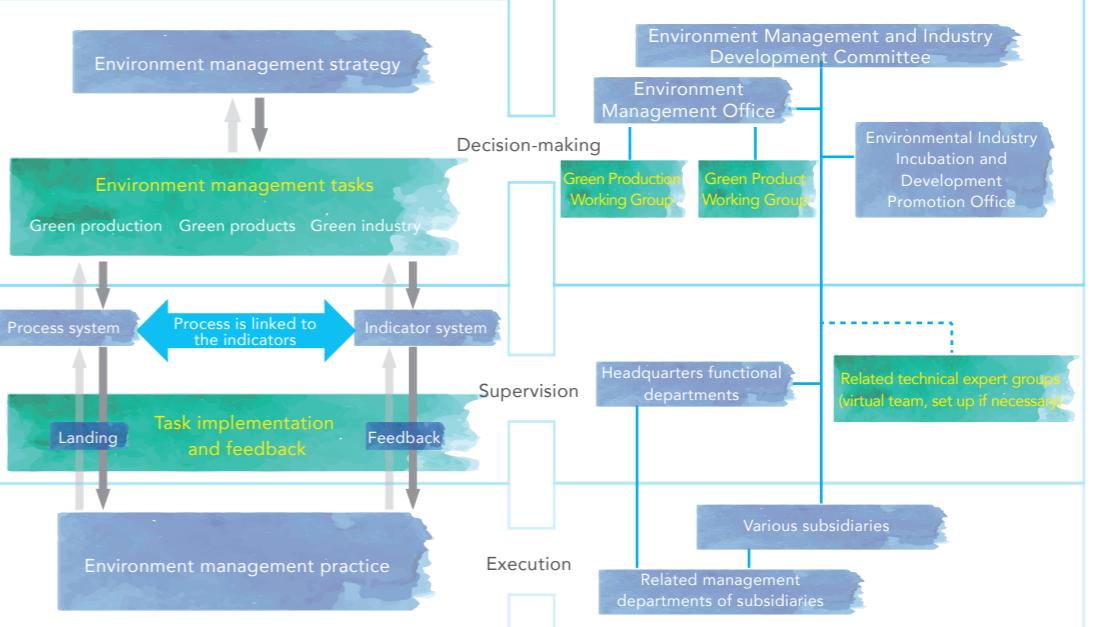
In 2016, the Corporation established the Environment Management and Industrial Development Committee of China Baowu Steel Group Corporation Limited (hereinafter referred to as the Committee), and the original Energy and Environmental Protection Management Committee naturally terminated at the same time.

For the Committee, director is served as concurrently by the chairman of the board of directors and secretary of the CPC Committee of the Corporation, executive deputy director is the president of the Corporation, deputy directors are respectively served as by the vice president in charge of steel and related manufacturing sector, the vice president in charge of steel and related service sector and the chairman of the Corporation's Labor Union. Members of the Committee consist of the Party and administrative heads of each subsidiary, the responsible persons in charge of the headquarters departments (including business centers, research institutes, and Youth League Committee), staff representatives and so on.

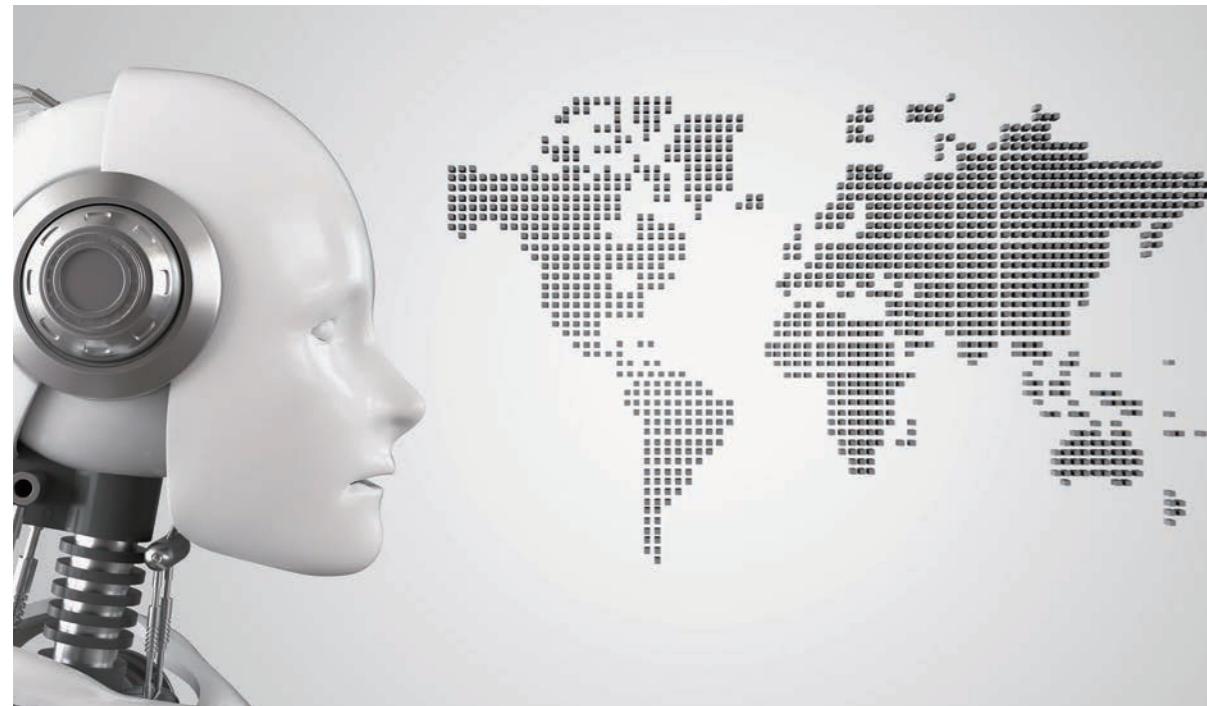
#### Process system design framework



#### Management system design framework



Organizational Chart of Baowu Group Environment Management System



#### Smart manufacturing made phased achievements

As the first enterprise to introduce intelligent steel manufacturing in China, Baosteel Co., Ltd. carefully organized and carried out systematic planning for smart manufacturing and invited Siemens, IBM and other world-renowned enterprises for technical exchanges successively, and organized internal technical forces to carry out seminars and studies and prepare special planning for smart manufacturing. The national steel industry smart manufacturing communication meeting sponsored by Baosteel Co., Ltd. and relevant work were highly recognized by the Ministry of Industry and Information Technology of the PRC and the domestic counterparts.

#### Continuously carrying out research into green steel manufacturing technologies

In order to meet the environmental restriction and national environmental laws and regulations and based on the atmosphere, waste water, solid waste and energy-saving technologies, Baowu speeds up energy-saving environmental protection technology innovation to provide support for the construction of urban steel mills.

As for air pollution control, in view of the study on PM2.5 pollution characteristics within the plant area of Baosteel Co., Ltd. and the current state, technical path and countermeasures to control PM2.5 were put forward. In terms of wastewater treatment, emphasis was put on study on a series of difficult issues including advanced treatment of cold rolling wastewater for up-to-standard discharge, wastewater reduction and recovery of valuable resources in wastewater. In terms of solid waste treatment, methods for the technology development for the consumption of worthless sludge by internal processes and resource utilization were completed; the first roller process technology specially for dealing with stainless steel slag in the industry was developed and industrialized application has been realized.

In terms of energy-saving technology, in-depth research into deepened recycling of resources and the emission reduction and

utilization of carbon dioxide was conducted, several applicable technologies with great energy-saving potential were determined by sorting out the key points, tracking, researching and judging energy-saving technology, and the Technology Roadmap for Baosteel Energy-saving and Emission Reduction Technology Development and Popularization was developed.

#### Breakthroughs made in some new metallurgical technologies

Design capacity of complete set of equipment and capacity of independent production line integration were lifted to a new level and the first independent design of domestic converter with the largest capacity of 350 tons and independent integration of cold-rolling line were achieved; independent integration of the world's first coke oven flue gas desulfurization and denitration device was achieved, and there is no waste water generated during the whole process, and desulfurization by-products can be recycled by the relevant chemical plants, with various indicators meeting the discharge standards for environmental protection in special restricted areas. Aiming at the target of consuming hazardous wastes by urban steel mills, the Corporation explores the technology of disposal of hazardous wastes with metallurgical furnaces (the rotary kiln, lime kiln) and that of disposal of municipal sludge and municipal waste fly ash with the coordination of the thermal power plant, and has actively built environmental protection new industry platforms.

#### Speeding up the construction of innovation parks to create a new line of business in innovation and entrepreneurship

The Corporation has made a breakthrough in the construction of innovation and business start-up platform. "Wesocool Innovation Park" was officially opened in October 2016, which is focused on smart manufacturing, new materials, 3D printing, energy saving and environmental protection and other industries. Currently 24 enterprises have been based in the park, and its industrial ecology has been preliminarily formed.



#### Development and Industrialization of 690 Alloy U-Shaped Tubes for Large-scale Advanced Pressurized Water Reactor Nuclear Steam Generator

Nuclear power, as a clean and efficient energy, is an important measure to optimize China's energy structure and achieve low-carbon development, as well as one of the iconic technologies reflecting the strength of a country. China's nuclear power strategy has been adjusted from "moderate development" to "active development" and development of nuclear power has become a "national strategy." The "bottleneck" that once limited the development of China's nuclear power is the manufacturing technology of nuclear island key materials, and 690 U-shaped heat transferring tube is the most difficult part. Previously, the material was completely imported, the core technology was monopolized by foreign enterprises and the import prices remained high.

After 10 years of efforts, the Corporation has overcome a series of key technical problems on manufacturing, including the high purity purification smelting of alloy tubes, hot extrusion tube molding, ultra-long and thin pipe cold processing, online degreasing, heat treatment and pipe binding, and mastered the whole manufacturing process and inspection technology of 690 Alloy U-shaped tube for large advanced pressurized water reactor nuclear power steam generator.

In September 2013, according to the identification organized by National Energy Administration, the quality of the physical product achieved the internationally advanced level of similar products, which made the Corporation the world's fourth and first domestic enterprise capable of volume production of the product. The product has been applied to CPR1000 Fangchenggang 1# unit, CAP1400 major project demonstration project 1# and 2# units and K2 unit with "Hualong One" technology exported to Pakistan.

The successful development of 690 alloy U-tube filled the gap in China, replaced imported products, broke the foreign monopoly, and ended the situation of long-term dependence on imported products, which greatly enhances China's manufacturing technology level of high-end nickel-based alloy pipes, realizes China's full localization of nuclear island key materials and equipment and achieves the independent supply capacity of entire set of equipment. This was of great significance to protection of national energy security and improvement in atmospheric environment.

**The achievement was awarded the first prize of Shanghai Science and Technology Awards in 2016.**

## Green Production

### Building of Energy and Environmental Protection Management System

Management Measures for Risk Control of Enterprise Emergent Environmental Accidents and Management Measures for Radiation Pollution Prevention and Safety Protection were released. Guiding Opinions on Strengthening the Management of Environmental Protection for Rental Venues and Guiding Opinions on Strengthening the Management of Carbon Emissions Rights were issued. Each subsidiary revised and improved its relevant management documents.

All the affiliated steel enterprises have passed the environmental management certification. Except Baosteel Desheng Stainless Steel Co., Ltd. (Baosteel Desheng for short) subordinate to Baosteel Stainless Steel Co., Ltd. (Baosteel Stainless for short), all the rest of steel enterprises have passed energy management certification.

All the key industry enterprises affiliated to non-steel industry have passed the environmental management system certification. Except Baomin Gases affiliated to Baosteel Metal Co., Ltd. (Baosteel Metal for short), all the rest of key industry enterprises have passed the energy management system certification.

For the mining industry, the mining company affiliated to Meishan Iron & Steel preliminarily established and revised energy management system documents adapted to the unit (iron ore mining industry) in 2016 in accordance with the requirements of separate audit, and in accordance with the requirements of the documents, gradually revised the standards and norms and laid foundation for energy management system certification. Anhui Wanbao Mining Co., Ltd. Affiliated to Baosteel Resources Co., Ltd. (Baosteel Resources for short) vigorously carried out green mine construction and invested about RMB 20 million in total in the soil erosion control, plant hardening and exposed surface greening inside its plant, broken system closure and product stock yard dust suppression measures and road hardening outside the mining area, significantly improving the environmental protection level in the mine.

Clean production auditing of 16 subordinate units was completed in 2016.

### Energy Saving and Emission Reduction Action

In 2016, the Corporation regarded meeting the requirements of laws and regulations of environmental protection as the minimum requirement and principle, strictly implemented the responsibility as a legal entity in environmental protection, earnestly practiced regional environmental quality emergency protection work by improving its environmental protection emergency plans and continued to strengthen full-process supervision of all the lines of business to ensure the environment risk in production management was controllable. Countermeasures were taken in accordance to the situation of plants and investment in technological transformation was increased, and laid emphasis on solving prominent environmental difficult problems with problem-oriented method. The Corporation also further strengthened the basic management of energy conservation, continued to reduce the costs and increase the efficiency of energy system, comprehensively improved the utilization efficiency of resources, promoted relevant work of city-industry integration and serving the city according to local conditions and carefully organized carbon trading pilot work to lay the foundation for the full implementation of nationwide carbon trading.

#### **Adhering to the bottom line of environmental protection compliance, strictly fulfilling its responsibility as a main body for environmental protection**

The Corporation established environmental compliance performance monitoring team to further promote the environmental compliance rectification by means of performance monitoring, organized inspection of 33 units (sets) of pollution control facilities of 6 units for more than 140 person-times, issued 7 copies of Monitoring Proposals, put forward 51 suggestions according to monitoring, interviewed managers for 16 person times and completed 161 items of rectification throughout the year. This mode opened up new working methods and ways for the Corporation to deepen energy and environmental protection work.

Actively cooperating with the central environmental protection inspection: the Corporation required relevant units to fully recognize the importance and seriousness of environmental protection inspection and cooperate with environmental protection inspect with a high sense of responsibility and the spirit of daring to bear responsibility. Baowu Group Environmental Inspection Coordination Contact Group was established and special working group were set up for relevant units to ensure that tasks assigned by inspection groups were completed within the specified time. Baowu Group (Shanghai), WISCO and Shaoguan Iron & Steel took over 7, 8 and 1 items from the coordination and contact groups of Shanghai, Hubei Province and Guangdong Province respectively and have completed feedback as required.

#### **Improving environmental protection emergency plans, guaranteeing regional environmental quality emergency protection**

Steel units have completed preparation, revision and filing of Environmental Emergency Risk Assessment Report and Comprehensive Environmental Emergency Plan. Some industrial enterprises of non-steel sectors have also developed corresponding Environmental Emergency Plan.

Baowu did a good job in environmental quality emergency protection during national major activities, organized various units to strictly implement Shanghai Winter Air Quality Assurance Program and Ambient Air Quality Assurance Collaboration Program of the Yangtze River Delta and Surrounding Areas for G20 Summit, stopped or limited production of over 20 pieces of equipment and started serious air pollution emergency response measures for 6 times, which ensured successful completion of the regional air quality assurance work.

#### **Strengthening full-process supervision of all the lines of business to ensure environmental risk of production and operation under control**

Full-process energy-saving and emission reduction management covering all lines of business for various production units were strengthened and through self-examination and supervision, environmental risk involved in the production and business activities of all units were fully controlled and typical cases of environmental protection were "reviewed". Meishan Iron & Steel compiled a series of typical cases of environmental protection and organized managers at all levels to study them, deepened the long-term mechanism for self-management and regional responsibility by the whole staff in environmental management, and vigorously enhanced the environmental risk prevention and control level. To strengthen the environmental management of production, Meishan Mining Branch of Meishan Iron & Steel, by combining with the actual conditions of mines, focused on defining correction measures against potential environmental risks on the site, and implemented the rectification projects, thus effectively reducing the environmental risks of mines. To strengthen the supervision and management of environmental facilities operation and environmental data, Xinjiang BaYi Iron & Steel Co., Ltd. (BaYi



Iron & Steel for short) participated in the review of data report organized by Urumqi City, further defined the enterprises' environmental responsibility and detailed rules for assessment based on sulfur dioxide, nitrogen oxides, soot and other emission concentration indicators, and strengthened the supervision and management of environmental facilities operation and environmental data to effectively protect environmental safety during production and operation of the enterprise. To strengthen the point-linear-planar process control of pollution sources, Baosteel Stainless strengthened point-linear-planar process control of pollution sources, detailed the operation and maintenance procedures, effectively made full use of environmental protection video monitoring system, and strengthened water pollution control and the noise control requirements.

#### **Adopting specific strategies for each plant in accordance its condition, increasing investment in technological transformation, and solving prominent environmental difficulties using problem-oriented method**

Baowu required each unit to adopt specific strategies in accordance to the actual conditions and increase investment in environmental technology innovation to solve a series of prominent environmental difficulties using problem-oriented method.

WISCO implemented the Action Plan of Embracing the Blue Sky and put forward measures with regard to 7 aspects and 24 key environmental management items, with 10 key treatment projects with a deadline completed as scheduled. WISCO also developed and distributed Rectification Plan for Prominent Environmental Issues and conducted a comprehensive investigation and rectification of environmental facilities. Therefore, phenomena of red dust on the roof of smelting shop and black smoke emitted from blast furnaces were basically eliminated, the smoky coke ovens were improved greatly and the emission of nitrogen oxide from sintering steadily reached relevant standards.

Baosteel Co., Ltd. seriously implemented the Shanghai Air Pollution Control Action Plan, completed C-type closed transformation of OC and OD material strips of the phase I and phase II mine fields, the main body construction of 30 silos of E and F material strips at the coal field, added flue gas denitrification device to 4# sintering machine, built the first set of sintering flue gas denitrification, desulfurization and de-dusting device at the 3# sintering machine, and completed addition of dewatering machine renovation project at the wastewater treatment station of BNA Auto Sheet, realizing classified disposal of dehydrated sludge of BNA Auto Sheets and reducing follow-up disposal costs of dehydrated sludge. Super-clean transformation project at the power plant thermal power units was launched, the first #2 unit renovation project was started on October 1 and it was promised that before August 31, 2017, pollutant emissions of 3 thermal power units would reach the national regulations of ultra-clean emission level in 2020. The phase III coke oven energy conservation and environmental protection project of the iron making plant was started and implemented, with a duration of 2 years, so as to achieve the goal of energy conservation and environmental protection and improvement in the on-site environment.

For the problems exposed in the enterprise environmental credit evaluation, Shaoguan Iron & Steel completed the rectification and filing work of 7 completed projects violating regulations including technological transformation of converter iron making plant, and its environmental credit evaluation was upgraded to Blue Card (environment-friendly enterprise).

No negative environmental events happened during shutdown of the production lines of Baosteel Stainless. For the oil-containing wastewater treatment problem of remaining production lines, the

oil-containing wastewater treatment project by the Department of Energy and Environmental Protection was implemented and a set of equipment with 20 tons of daily processing capacity would be set up to realize oil-containing materials reduction and purification treatment to reach the current national environmental emission standards.

Baosteel Special Steel successfully put into operation discharge control and deep treatment project of acid-containing wastewater from pickling, thus reducing the emission of nitrogenous substances from the source, and completed the construction of on-line monitoring of ammonia and nitrogen at the overall wastewater discharge outlet to ensure that the discharge effluent pollution factor were up to standards steadily. In March, Baosteel Special Steel environmental visualization monitoring system was formally put into operation, which realizes monitoring of the company's all chimneys, 24 sets of class A environmental facilities, discharge points easy to produce fugitive dust, main storage points of the solid wastes and the apparent water quality at 9 rain pump rooms and wastewater discharge points and enables visual pollution sources to be timely found and eliminated, thus continuously meeting the surrounding community residents' growing demand for the environment.

Baosteel Chemical Co., Ltd. (Baochem for short) implemented the Shanghai Treatment and Emission Reduction Program of Industrial Volatile Organics and completed three waste gas treatment projects of the benzene tank area, the phase III coal sump area and the finished products loading field, thus improving regional on-site environment.

In accordance with the requirements of different regions for volatile organics treatment, Baosteel Metal sorted out the emission situation of 10 subordinate cans and metal printing units and developed rectification measures. Affiliated Beijing Tinplate Printing and Baoyi Canmaking built 2 sets of RTO exhaust gas burners.

#### **Strengthening basic management of energy conservation, continuously reducing the costs and increasing the efficiency of energy system**

WISCO actively participated in the demand-side management of electricity, and completed direct power supply declaration, reducing the annual purchase of electricity by more than RMB 200 million.

Baosteel Co., Ltd. optimized the comprehensive balance control of "steam-afterheat steam supply-power generation", enhanced the comprehensive capability of blast furnace gas for self-owned power plant generator units and reduced the blast furnace gas bleeding rate, reducing the purchase of outsourced electricity by 0.938 billion Kwh and reducing cost by RMB 646 million. The company completed energy-saving transformation of unit #3 at the Silicon Steel Department, adding 130 sets of primary air preheater, secondary air preheater and radiation tube main burner and supporting flue gas pipelines and electric instrument control system, etc. at silicon steel unit #3, and it was expected to save more than 1.5 million cubic meters of gas per year, reduce low-pressure steam emissions by about 8,000 tons, save energy by about 100 tons of coal equivalent, and reduce lye consumption by more than 200 tons and nearly 6,000 tons of alkaline wastewater discharge. Phase II 20-megawatt photovoltaic power generation project completed connection to the grid and started power generation and was expected to generate electricity up to 18 million KWh annually. With the Phase I 50-megawatt project and Meishan Steel's 20-megawatt project already in operation considered, the installed photovoltaic power generation capacity of Baosteel Co., Ltd. reaches 90 megawatts and was expected to generate power of 80 million kwh per year, equivalent to an annual energy saving of 25,600 tons of coal equivalent and an emission

reduction of 65,000 tons of carbon dioxide and 1,956 tons of sulfur dioxide.

In the economic mode of operation, BaYi Iron & Steel focused on reduction of energy costs, established virtual project team of metallurgical kiln gas consumption, reduced the fuel consumption of rolling process by 7% over the previous year and actively used directly purchased electricity and new energy power generation alternative policy, reducing cost by RMB 76.29 million.

Shaoguan Iron & Steel set up 7 virtual support teams for energy and environment management, released energy daily reports and units' performance results daily, regularly supervised the control process of energy consumption source of each unit, and by reducing the main pumping power consumption, enhancing sintering waste heat power generation, enhancing the gas recovery of converter per ton of steel, as well as implementing blast furnace blast dehumidification transformation, afterheat recovery of heating furnace, power plant boiler transformation, boiler fan transformation and other energy saving projects, orderly promoted energy conservation by technological means, with project management as a foothold. Throughout the year, 31,500 tons of coal equivalent were saved and energy costs per ton of steel was reduced to RMB 890, which was lower than the company's annual planned objective and achieved the best result in history.

After shutdown of 2,500 cubic meter blast furnace of Baosteel Stainless, all the equipment originally using slag flushing water of blast furnace for afterheat recovery were disabled, affecting the supply of hot water for plant bathrooms in winter. To this end, Baosteel Stainless put into operation the boiler discharged exhaust steam recovery project of Energy and Environmental Protection Department. The project was divided into two parts: the afterheat utilization of living water and of boiler soft water. After the transformation, the soft water temperature was increased by 10°C and more than 800 tons of living water of 90°C was produced daily. It was expected to save more than 3,100 tons of coal equivalent a year, reducing the production cost of more than RMB 6 million.

#### Comprehensively improving the efficiency of resource use, promoting city-industry integration according to local conditions

With "solid waste reduction and co-disposal within the plant" as the goal, the Corporation actively promotes the comprehensive utilization of solid waste resources, by which a new breakthrough in "internal enterprise collaboration and disposal of hazardous wastes by steel mills" has been achieved. Remarkable results have been made on coordinated disposal of solid wastes and potential risks of environmental protection are relieved. Breakthroughs have been made in disposal of Baochem's solid wastes and some hazardous wastes with the support of Baosteel Co., Ltd., and all the 119 tons of historical stock were disposed of. Baochem and the Iron making Plant of Baosteel Co., Ltd. have established internal disposal work flow and systems to ensure that no new solid wastes are generated.

WISCO actively promotes internal disposal and utilization of chromium-containing sludge, and has completed harmless sintering and resource utilization test of chromium-containing sludge and internal review of comprehensive utilization program, which has been declared to the Municipal Environmental Protection Bureau.

No. 2 Branch of the Iron Making Plant of Baosteel Co., Ltd. started technological transformation construction of steel slag treatment plant. The device is the result of process optimization and body transformation based on the third generation of roller equipment and

is currently the most advanced slag processing technology in China.

At Meishan Iron & Steel No.1 Iron Making Plant, steel slag treatment roller renovation project was successfully put into use. The project is a key environmental transformation project of Meishan Iron & Steel and will greatly improve the emissions of waste water, waste gas and other pollutants produced from slag treatment, thus achieving clean production of slag treatment.

At an operation area of Baosteel Development Co., Ltd. (Baosteel Development for short), real name system for waste recycling is adopted. According to the system, protecting environment and reducing costs should begin from each employee and from little things. Since 2016, by combining with the actual conditions, No.1 Grinding Operation Area of the Bar Steel Operation Area of the Special Steel Operation Management Department of Baosteel Development, led by the head Wang Guoqing, has implemented real-name recycling of wastes such as waste oily gloves, oily angle cloth and oily cotton wastes, etc. by starting from the "one pair of abandoned gloves" disposing action, which not only effectively controls the recycling process of waste oily gloves, but also reduces the use of gloves and other consumables, and enhances the staff's environmental awareness.

Baosteel Co., Ltd. uses metallurgical furnace for co-disposal of urban waste paint barrels and has signed contract with a total of 165 manufacturing units of waste paint and coating buckets with the contract amount of 10,000 tons, thus solving the difficulties of minor and sporadic customers in Shanghai. And on this basis, Baosteel Co., Ltd. actively improved pre-processing technology, and jointly designed and developed waste paint barrel briquette and coating equipment through collaboration and research with equipment manufacturing units, to further control the emissions of VOCs pollutants. Unorganized VOCs emissions were eliminated by coating the briquetted paint buckets with plastic film. Related patent is being declared.

The Corporation made progress in the research into using blast furnace for disposal of municipal waste incineration fly ash and completed a two-week field test. Afterheat of the iron and steel enterprises was used to produce hot water for mobile heating supply to the surrounding communities, and replacing 186 units of fueled and coal-fired small boilers of more than 60 units in the Baoshan District was completed. And 1.5 million cubic meters expansion project of Baoshan Lake was implemented, which would effectively relieve the raw water supply pressure of Chenhang Reservoir during the period of salty tide, thus ensuring the quality of public drinking water and realizing the sharing of raw water resources.

#### Well organizing pilot work of carbon trading to lay foundation for nationwide carbon trade

The 12 pilot units of Baowu comprehensively completed performance of contract during the pilot phase. Specifically, 8 pilot enterprises in Shanghai realized a surplus of the quota of 8.94 million tons and 4 pilot enterprises of WISCO realized a surplus of the quota of about 0.88 million tons.

In order to actively respond to the construction of the nationwide carbon market, the Corporation completed the research work of low carbon development roadmap, established Low-Carbon Manufacturing Technology Program Database containing 134 best feasible technologies, completed research into carbon assets management mode and put forward combined means for performance of contract such as direct reduction of emissions, offset mechanism, and market transactions in order to reduce the cost of carbon quotas. At the initial stage, the Corporation explored and established a carbon assets management mode with "centralized management, decentralized operation" and at later period, it would be evolved to the "centralized operation" mode.

## Green Technology Development

"Key Technology Research and Demonstration Projects of A New Generation of Energy-Saving and Efficient Continuous Heat Treatment" passed acceptance. The project was included in the "National Technology Support Program during the 12th Five-Year Plan Period" and conducted under the leadership of Baosteel Group. The project lasted for nearly 5 years, comprehensively completed the tasks stipulated in the contract, met various indicators required by the project and passed the acceptance organized by the Ministry of Science and Technology.

**Baosteel Co., Ltd. completed and put into operation the first sintering flue gas denitration and dioxin removal demonstration project in China.** The additional flue gas denitration project of No.4 sintering plant of Baosteel Co., Ltd. was put into operation on October 28. The assessment of operation showed that the emission concentration of nitrogen oxide, denitration efficiency and dioxin control level met the requirements of industry ultra-clean emissions. The project was implemented by Baosteel Engineering & Technology Group Co., Ltd. (Baosteel Engineering & Technology for short) in the form of general contract, which was the first demonstration project of flue gas denitration and dioxin removal in China and also the fourth project in the world to implement selective catalytic reduction technology for denitration. The Project absorbed the advantages of existing international sintering flue gas denitration and dedioxin technology, and conducted secondary research and development according to the actual situation of domestic steel industry, and finally formed sintering flue gas denitration S-SCR technology, which can reduce the operating costs by more than 30%. Both the project and the phase I coke oven flue gas desulfurization and denitration project of Baosteel Co., Ltd. were selected as "Top Ten Technical News of World Steel Industry" 2016 by World Metals.

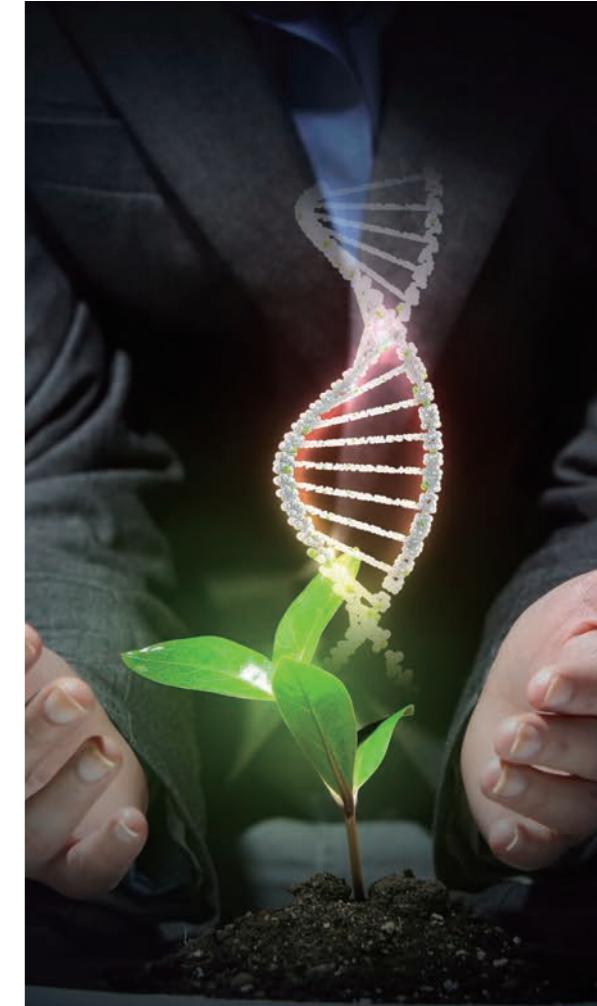
**Baosteel Co., Ltd. implemented its first coke oven flue gas denitration and desulfurization project.** No.1 coke oven flue gas desulfurization and denitration project of Baosteel Co., Ltd. was completed and put into operation on November 22. For the project, with the characteristics of coke oven flue gas taken into consideration, such core technologies as preheating furnace smoke temperature adjustment, heat exchange heat recycling recovery, self-adaptive control of flue gas negative pressure and smoke temperature, and on-line catalyst regeneration were successively developed. Among them, the heat exchange heat recycling recovery technology could not only reduce the heating gas consumption in flue gas denitration, but also greatly lower the requirements of original coke oven flue gas temperature, which provides a solid foundation for reducing energy consumption of the coke oven production process. Since its operation, the equipment had been running stably and reliably with remarkable desulfurization and denitration effect, with all the parameters meeting related emission requirements of the new Environmental Protection Law of the PRC.

The project of "Key Technology Research and Development of Energy-Saving and Emission Reduction for Coal Coking" was conducted by Baosteel Engineering & Technology and Baosteel Co., Ltd. After the theoretical test, structural design, system design and other preliminary work, Baosteel Co., Ltd. conducted pilot scale experiment at the phase II 3B coke oven. The result of pilot engineering research showed that for production of one ton of coke, the system could recover heat of 200-277 mega joules, and energy consumption of coke making process could be reduced by 6-9 kg of coal equivalent. It reached the international advanced level in terms of energy-saving and emission reduction, effectively improved the environment of furnace top and achieved

efficient and stable recovery of sensible heat of raw coke oven gas. On November 24, the State Ministry of Science and Technology organized a project review meeting, at which the assessment experts spoke highly of the innovation achievements of the project. They believed that the energy-saving and emission reduction indicator of the project reached international advanced level and recommended to organize promotion of its application as soon as possible, so as to make more contributions to speeding up social green environmental development.

Baosteel Engineering & Technology led the preparation of Sewage Disposal Unit Self-monitoring Technology Guide on Ferrous Metal Smelting and Rolling Processing Industry (draft for comment). The draft was approved by the Ministry of Environmental Protection and was released for national public comments on September 8, 2016.

The two national standards Heat Balance Determination and Calculation Method of Blast Furnace Hot Blast Stove and Technical Requirements for Energy-efficient Operation of Rolling Heating Furnace mainly drafted and developed by BaYi Iron & Steel was released, which would be implemented in 2017 in succession. This had been the first time for BaYi Iron & Steel to participate in the development of national standards, which not only greatly improved its standardized management level, but also enhanced its visibility in the industry and on the market and thus greatly enhanced the market competitiveness of its products.





### Garden-like Plant Construction

The Corporation further strengthened the greening work in the production plants and organized a series of activities to continuously improve the forestation rate of the plants and optimize the working environment of the employees. At the same time, Baosteel Co., Ltd. was awarded the title of "National Advanced Unit in Greening". Aiming at "construction of garden-like plants and civilized clean environment", the Corporation advocated "everyone taking a hand in and starting from each of us" to cultivate the staff's sense of ownership of the plant, establish the mechanism of democratic management and democratic supervision by employees in environmental protection and create an atmosphere that everybody strives to be the first maintainer, the first discoverer and the first reporter) and the civilization and cleanliness practitioners and participants of "three rooms, one canteen and one toilet" (lounge, locker room, bathroom, canteen and toilet), which remarkably improved the plant roads, forestation and health conditions, and realized clean appearance of the plant public facilities, clean and sanitary internal area as well as healthy, clean and orderly construction site environment.

Baosteel Co., Ltd. completed the forest belt construction along Fasan Road and other plant boundaries and added new forestation area of 203,000 square meters. Especially in the iron-making area, 180,000 square meters of forestation areas were added or completed over the past two years and a number of new environmentally friendly technologies and equipment were put into use, significantly reducing atmospheric dust in the area. Meishan Steel invested nearly RMB 100 million per year in the landscaping of the plant, and planted more than 10 million trees including camphor, weeping willow, poplar and so on, with forestation coverage rate of 37%. Shaoguan Iron & Steel carried out the planting and adopting activities themed by "protecting the environment and adding green to our home" and added forestation area of 163,000 square meters in the old blast furnace removal area, which improved the plant appearance and made employees and community residents enjoy the bonus of environmental remediation and green development. The Ecological Greening Company of Baosteel Development held a whole staff skill contest to enhance the level of the skills of landscaping workers. The contest helped to enhance the professional skills of landscaping staff, promote the mutual learning among colleagues and stimulate and enhance the employees' enthusiasm to better contribute to a green Baosteel.



**A scenery pool on the Memorial Square in honor of blast furnace overhaul of the iron making plant of Baosteel Co., Ltd.**



**Landscaping the old blast furnace removal area by Shaoguan Iron & Steel**

### Green Production Performance

The Corporation organized and urged various units to put into practice the Energy Saving and Environmental Protection Target Pledge, orderly promote key work of energy saving and environmental protection, strictly implement annual special plans of energy saving and emission reduction and realize the goal of continuous improvement in key indicators of energy saving and environmental protection.

At Baowu Group, in 2016 the comprehensive energy consumption per ton of steel was 602 kg of coal equivalent, 3 kg of coal equivalent / ton less compared with 2015, energy consumption per RMB 10,000 output value was 1.36 tons of coal equivalent, 3.3% less than that of 2015. The total energy and coal consumption in Shanghai area in 2016 were 14.4 million tons of coal equivalent and 13.42 million tons respectively, completing the annual assessment targets of 14.5 million tons of coal equivalent and 13.5 million tons in Shanghai. The total emissions of sulfur dioxide, chemical oxygen demand and nitrogen oxides were 33,919 tons, 2,137 tons and 79,559 tons respectively, completing the annual target and with an decrease of 11%, 14% and 6% than that of the previous year respectively. Wuhan Iron and Steel Company Limited was rated as "High-integrity Enterprises of Environmental Protection" by Hubei Province.

In the "Energy-Conservation and Low-Carbon Action by 10,000 Enterprises" organized by National Development and Reform Commission, a total of 29 enterprises of Baowu Group participated, which were located in Shanghai, Hebei, Guangdong, Xinjiang, Jiangsu, Zhejiang, Yunnan and Shandong. Statistics showed that the 29 enterprises of the Group all completed their own energy-saving targets and completed energy savings of 7.7798 million tons of coal equivalent in total, which was 1.2561 million tons more than the target value of 6.5237 million tons of coal equivalent, with a completion rate of 119.3%.

### Green Manufacturing Performance of the Subsidiaries of the Steel Sector

Indicator	Year-on-year growth or decrease of 2016 (%) than 2015					
	WISCO <sup>note 3</sup>	Baosteel <sup>note 3</sup> Co., Ltd	BaYi Iron & Steel	Shaoguan Iron & Steel	Baosteel <sup>note 4</sup> Stainless	Baosteel <sup>note 1</sup> Special Steel
Comprehensive Energy Consumption per Ton Steel	-0.86	Even	-0.12	-0.9	-1.09	2.09 <sup>note 1</sup>
Total Residual Energy Recovery	/	6.7	2.27	117.4	47.99	/
Tap Water Consumption per Ton Steel	-0.43	-2.3	10.85	-10.5	44.25	-25.60
Total SO <sub>2</sub> Emission	-9.26	-1.46	-38.99	-1.7	-59.08	-5.63
Total Nitrogen Oxides Emission	-5.66	-1.03	-23.77	Even	-56.42	-14.90
Total COD Emission	-16.39	-5.60	-21.11	-1.5	-37.82	-59.86
Total Ammonia Nitrogen Emission	-7.25	Even	-55.92	Even	-52.91	-76.44
Solid Waste Resource Comprehensive Utilization Rate <sup>note 2</sup>	99.50	99.16	74.21	99.96	96.70	96.78

Note 1: The performance evaluation indicator of Baosteel Special Steel is "Total Energy Consumption";

Note 2: "Solid Waste Resource Comprehensive Utilization Rate" of all the units is real data;

Note 3: WISCO: the WISCO before the consolidation and restructuring of Baosteel and WISCO; Baosteel Co., Ltd.: the Baosteel Co., Ltd. Before the consolidation and restructuring of Baosteel and WISCO.

Note 4: 2,500m<sup>3</sup> blast furnace and carbon steel production line were shut down due to the structure adjustment of Baosteel Stainless, which leads to the large undulation of indicators.

## Green Products

Green products refers to products which enable energy-saving, reduced consumption and reduced pollutant emissions throughout the life cycle of design, manufacture, transportation, use, recycling, reuse and disposal and contribute to improvement in environmental quality and reduction of health hazards.

### Introduction to Research into Product Life Cycle

Life Cycle Assessment (LCA) is an approach to the quantitative assessment of the environmental load and impact during the life cycle of a product. Through over ten years of research and application, LCA has become a significant method adopted by Baosteel in driving upstream and downstream green development including green purchase, green manufacturing, green marketing and green steel utilization solutions and a powerful tool of Baosteel's efforts and practice of becoming "a driver of green industry chain".

Zhanjiang Iron & Steel LCA online data acquisition system has been established since 2016. This was another important LCA master data base in addition to that of Baosteel Co., Ltd. The establishment of the online system allows to acquire the environment-related data of each process and each product of Zhanjiang Iron & Steel, i.e., the data of products, byproducts, raw materials, supplementary materials, energy consumption and atmospheric emission, water discharge and solid waste discharges during the production process and realize the data verification.

The Corporation conducted research into "strengthening green product development, significantly enhancing the level of energy-saving and low-carbon level of products" and other projects, carried out training on ecological design of green products for product research and development staff, established and updated product LCA environmental performance database, carried out green product eco-design pilot research and promoted the application of LCA technology in green product development.

The Corporation participated in the 2016 LCA data update project of International Steel Association and took part in the development of the methodology, preparation and submission of relevant data, as well as analysis of related results and so on.

### Green Product Development

Baosteel's Product Environmental Index (BPEI) is a comprehensive index according to the LCA quantitative results of the products produced by Baosteel Co., Ltd., which can be used for quantitative diagnosis and evaluation of the environmental performance of the whole life cycle process in design, procurement, transportation, manufacture, use, abandonment of Baosteel's Product. BPEI index reflects the change trend of environmental performance of Baosteel's products. In 2016, further research into the BPEI index was conducted based on hot-rolled automobile sheet, hot galvanized automobile sheet and common cold-rolled outer automobile sheet and other products, laying the foundation for study of reference value of Baosteel's automobile sheet products.

For the life cycle assessment project of AS21 model auto parts cooperated between Baosteel Group and SAIC, the environmental load of steel door and the alternative aluminum door of a SAIC vehicle was evaluated by the method of life cycle assessment, thus setting up the database of life cycle lists of the car door assembly. The project involved 24 parts of the steel door assembly and the aluminum door assembly, including weight, yield, material trademark, processing technology, welding process and other data, obtained the data of environmental performance of the steel and aluminum door assembly and analyzed the different processing technology and welding process of door assembly. The results

show that the longer the mileage is, the more prominent the "green" advantage of the aluminum car is, which will be "greener" than the steel car. Through the accumulation of more cases and LCA data, it provides research basis for the comparison of the environmental performance of different materials and the ecological design of automotive parts in the future.

The value of Baosteel is also reflected in the carbon emission reduction we have made for the whole society, for example, high strength steel reduces steel consumption, abrasion resistant and weather resistant steel can extend service life, and lighter vehicles, ships and equipment lower the energy consumption. Take high-strength and less-thickness hydraulic support of heavy plates for coal mine (Q890CFD) for example, during production process the weight is reduced by 9% for each support and carbon dioxide emission is reduced by 13,642kg. Considering the annual production is about 150,000 sets of hydraulic support for coal mine in China, if all replaced, it would be equivalent to planting 1.36 million trees, or about 188 square kilometers of forest.



### Marketing of Green Products

The Corporation actively follows up the changes of laws and regulations at home and abroad and the development of green demand of users, organizes various certification and evaluation, follows up the requirements for restriction of the substances of very high concern (SVHC) in EU REACH directive in time, organizes internal assessment and updates the release of REACH compliance statement of Baosteel's products. At the same time, the Corporation grasps the dynamic needs of individual users, timely organizes and carries out certification work by the second party and makes corresponding commitments, involving about 20 users from 6 major industries of automobile, home appliances and electronics, metal packaging and containers, energy transportation, power transmission and distribution, engineering and construction.

The Corporation has published 138 testing reports of 38 post-processing methods by the third parties, covering hot rolling, pickling, cold rolling, hot galvanizing, electro-galvanizing, aluminum zinc plating, tinning and electrical steel, totally eight categories, demonstrating the green credibility of the products. The results of the reports indicate that all products of Baosteel Co., Ltd. comply with China's RoHS, EU RoHS directive, REACH regulations and other requirements. Meanwhile, the Corporation follows up the commissioning progress of Zhanjiang Iron & Steel and synchronously starts the assessment of environmental regulations compliance of Zhanjiang Iron & Steel's products, and has publicized the inspection results of the environmental compliance of Zhanjiang Iron & Steel's four kinds of products of hot rolling, pickling, cold rolling and hot galvanizing to the users.

On the basis of the release of inspection results to the users, the

Corporation has started the printing work of the green logo on product warranty and labels, and constantly improves the system construction of green products; promotes the QC080000 system to the international shear center of Baosteel, and gradually improves the management and control system of hazardous substances during the whole product life cycle; enhances awareness of environment management, and strengthens

emergency response capabilities through the exercise of emergency plan of client's EHS standard exceeding practice.

In 2016, the annual sales of high-end green products reached 8.498 million tons, achieving 112.2% of the annual target.

### Solutions of Green Products

The Corporation gives full play to the technical advantages of green steel products in R&D, molding, analysis and research into the technologies for users' use and has brought about a number of typical marketing cases in the "technical services, product development, early vendor intervention (EVI), the overall solution (package arrangement), win-win solutions, meeting the special needs of users and affecting users" and other aspects.

#### Global Debut of High-end Oriented Silicon Steel Independently Developed by Baosteel

At the "Second Session of Baosteel Oriented Silicon Steel EVI Forum" held at the end of May 2016, two grades of high-end oriented silicon steel B27R080 and B30R090 independently developed by Baosteel Group had their world premiere, representing the highest level of manufacturing technology of the same specification oriented silicon steel, and not only achieving the upgrading and update of the enterprise's own product series and technology, but also boosting power facilities manufacturing towards high-end development in China.

In recent years, the state has put forward higher requirements for energy saving and high efficiency of power equipment. As an important performance index of oriented silicon steel, "iron loss and magnetic induction" is a key factor affecting the efficiency and energy conservation in manufacturing of transformer cores. B27R080 has advantages in loss, excitation power and AC magnetization, and the no-load energy consumption of transformer can be reduced by about 6% with the same core as B27R085. The over-voltage capacity that B30R090 transformer can withstand can be 0.5% higher, compared to B27R090 with the same core.

The two new products that have world debut this time can also save more iron core material and make the processing more convenient. B27R080 is the highest grade product in the 0.27mm thickness specification, the cost of transformer made from it can be saved by 3.1% considering the performance advantage. B30R090 is the highest grade product in 0.30mm thickness specification, taking into account the performance advantages in the high field and the relative advantages of the lamination coefficient, a 200-ton transformer can save about RMB 52,000 of material compared with the B27R090.

#### The Overall Solution to Drum Washing Machine



By grasping the development trend of drum washing machine industry and aiming at two demands closely related to steel materials, the "green design (lightweight, using environmentally friendly materials)" and "low noise and low vibration", the Corporation introduces an overall solution.

**Optimization of Material Selection** - design drum washing machine of high-strength and lightweight design using new products of high-strength steel for household appliances, achieving 15% structural weight reduction;

#### Using Technical Support

- ① Computer-aided engineering analysis and verification:
  - a. Formability of high-strength steel (reducing the risk of stamping and cracking)
  - b. Rigidity of the whole machines (verifying the vibration of noise and adaptability of design structure)
  - c. Dynamic strength of box and optimization of product structure
- ② The corrosion behaviors of various materials in different corrosive environments are analyzed through salt spray corrosion test and cyclic corrosion test and other analysis techniques, which provides support for

customers in selecting the coating material;

#### Providing "Complete Data Packet of Weight Reduction"

For important structure and complex shaped parts, complete data packages of material are provided for customers to carry out simulation in product design, mold design and other links, so as to reduce the cost and workload of users;

#### "Establishing Stamping Technology Archives of Key Components"

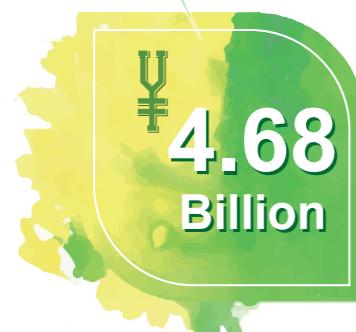
- For complex formed components, Baosteel helps customers evaluate the design quality of new mold, measure the safety margin of selected steel plate when stamping on a new mold, so that the mold acceptance has rules to follow and is more scientific, and makes detailed record of a variety of factors in the process of trial production at the same time for the sake of quality backtracking in mass production. It meets the needs of users at different stages from design to mold testing to production, and realizes the related support of program / design / tool / production, and provides continuous optimization support.

## Green Industry

The green industry involves integration of energy-conserving and environmental protection technologies, to develop energy-conserving and environmental protection industries, and expand the application of energy-conserving and environment-improving technologies accumulated by the steel industry both internally and externally, conducts systematic commercial development of energy-conserving and environmental protection technologies, and fosters the capacity to provide the parties within and outside the industry with energy-conserving and environmental protection solutions, so as to provide the society with valuable products and services and at the same time realize both economic benefits and social benefits.

Baowu's green industry realized sales revenue of RMB 4.68 billion in 2016.

**Baowu Group's sales revenue from green industries**



### Industrial Energy Saving

#### Energy saving transformation project of the electric motor with a large scale and high efficiency greatly improving motor efficiency

On November 26, 2016, undertaken by Baosteel Energy Technology Co., Ltd. (Baosteel Energy Tech for short) with EMC business mode, energy-saving transformation project of high-efficient electric motor of the Hubei Daye Special Steel completed the overall project acceptance. The number of electric motors involved in the transforming project amounted to 369, the total installed capacity reached 9,743kwh, the overall energy efficiency of the electric motor was increased by 2.8% after the implementation of the project, saving power of 1.76 million kwh, and coal equivalent of 530 tons annually, with remarkable economic benefit.

The transformed electric motors are all backward motors of low energy efficiency which had run for more than ten years and were included in the elimination list of the national inefficient motors. The transformation scheme uses high-performance motor of YE series to replace asynchronous motor of the original Y series, reduces the motor loss, and improves motor efficiency to a greater extent to achieve consumption reduction and energy saving by design optimization of efficient motor, increasing effective materials and improving the manufacturing techniques.

#### Afterheat recovery project of Zhanjiang Iron & Steel successfully passed acceptance

On November 8, 2016, undertaken by Baosteel Energy Tech in EMC mode, the afterheat power generation project of sintering engineering of Zhanjiang Iron & Steel successfully passed acceptance, and would officially enter the sharing period of energy-saving benefit on December 1, which is expected 2 months earlier than specified in the original contract.

The project is to use the afterheat and flue gas around two 600m<sup>2</sup> circular coolers matched to two 550m<sup>2</sup> sintering machines, make the afterheat boiler produce two kinds of afterheat steam of different quality through heat exchange, and then conduct steam power generation through the device of steam turbine generator unit, so as to make full use of the afterheat and flue gas around the production line of circulating cooling of sintering. As the contract energy management project of Zhanjiang Iron & Steel in which Baosteel Energy Tech put the largest investment, it efficiently supports simultaneous commissioning of sintering energy-saving equipment of Zhanjiang Iron & Steel and the main works, thus minimizing the energy consumption of Zhanjiang Iron & Steel and bringing good economic benefits.



### Environmental Protection and Environmental Monitoring

#### Treatment of the industrial water

In December 2016, 2030 Cold Rolling Waste Water Reuse Project of Baosteel Co., Ltd. undertaken by Baosteel Engineering and Technology was completed and put into operation. The project requires the technology with a high starting point and achieves waste water reuse and recycling through source reduction, classified processing, reuse according to quality. The magnetic coagulation, electro-adsorption, electro-oxidation and other newly adopted technology achieve technical breakthrough in the industry, designed recycling water is 189m<sup>3</sup>/h in total with a reuse rate up to 63%, ranking first among Baosteel's cold rolling waste water treatment stations. Due to taking the drainage needs of cold rolling reserved mill into account in the designed scale, the actual waste water treatment capacity is about 220m<sup>3</sup>/h, the actual amount of recycled waste water is about 140m<sup>3</sup>/h, the actual discharge amount is about 80m<sup>3</sup>/h in the waste water station, the actual waste water discharge is 60% lower than the original, and the annual amount of COD emission is only 28.6 tons, reaching the strictest national new standards, which is currently the minimum emission level among domestic steel plants.



#### Environmental monitoring technology



In 2016, construction of the group environment monitoring platform was accelerated. Baosteel Environment Monitoring Station participated in development of 2 national standards and local standards, and undertook the sixth session of the National Conference on Odor, thus constantly strengthening its power of discourse in the industry; the Corporation tried to create products incorporating four categories of consulting service of "site investigation, pollution discharge accounting, occupation health assessment and energy saving audit", integrated the industrial chain of comprehensive VOC treatment, developed the ability to provide one-stop solution integrating total investigation, online monitoring and comprehensive treatment, and integrated the first set of environment monitoring mobile laboratory in China, thus building up its leadership in the industry of mobile laboratory.

## Manufacturing of Energy Saving and Environment Friendly Equipment

### First stainless steel slag roller processing equipment in the world

Independently integrated by Baosteel Engineering & Technology, Baosteel Energy Tech, Baosteel Co., Ltd. and Central Research Institute, the world's first stainless steel slag roller processing equipment successfully completed hot-load trial run in Jiaxing Eastern Special Steel, marking the new breakthrough of the world leading processing technology of metallurgical molten slag of Baowu Group. It can handle carbon steel slag and stainless steel slag with complex performance and higher difficulty as well, which is of far-reaching significance in promoting the sustainable development of the steel industry in China.

On March 3, 2016, the first furnace of stainless steel slag was processed. In the fully enclosed roller, with the action of circulating cooling water and cooling medium, and after short-term rapid cooling and crushing, the hot molten stainless steel slag of about 1500°C changed into small particles of solid and was sent to the finished product bin, and the finished stainless steel slag is even in granularity, with smaller granularity compared with converter slag, of less than 5 mm basically, with a processing capacity of 2 tons / min. The treated stainless steel could directly enter the ball mill for subsequent separation, thus realizing the separation of steel and slag and the subsequent utilization of tailings. After the device was put into operation, the daily processing capacity was basically maintained at about 700 tons, and the stability of equipment and the quality of steel slag treatment are maintained at a good level.

### Soil remediation

Baosteel Energy Tech's first external taken-over project of soil remediation and groundwater treatment has passed the appraisal and acceptance by five experts from Fuzhou Environmental Protection Bureau and Fuzhou Academy of Environmental Sciences in Fujian Province. After restoration, the pollution factors of soil and groundwater in the target area have reached the remediation target value set by relevant national standards.

The project is located in the factory area of Mingyang Transportation Equipment Company in Fuzhou City, Fujian province. Due to production of engine piston ring and other parts in electroplating process, pollutants generated including chromium containing electroplating waste water enter the soil and groundwater in the way of spill-out, emitting, dropping and leaking, causing chromium pollution in the production areas and the surroundings to a certain extent.

As the monitoring results of acceptance of the project indicate, after the remediation the highest content of the hexavalent chromium in soil is 0.26 mg / kg and the highest concentration of the hexavalent chromium in groundwater is 0.021 mg / L, far lower than that in the relevant provisions of the state, i.e. soil of 30 mg / kg and groundwater of 0.1 mg / L. The remediation project has achieved the scheduled target. The sweet potato food grown in the remediated soil fully meets the edible requirements of human, according to the determination of the pollutants concentration by experts.

### Environmental adaptability improvement of incineration facilities

On August 30, 2016 , the project of environmental adaptability improvement of incineration facilities of Baosteel Co., Ltd. undertaken by Baosteel Energy Tech were successfully ignited. After the transformation, the facilities are capable of incinerating and disposing of industrial hazardous waste of 20,000 tons a year and achieve harmlessness, weight reduction, stabilization and resource utilization. The project is the first EP project for the solid waste incineration undertaken by Baosteel Energy Tech, and also a key project of Baowu Group supporting the green development of urban steel mills. The demonstration project was transformed and successfully implemented in accordance with the latest strict requirements of the environmental emission in Shanghai, making the cooling time control less than 1 second during the 550°C -200°C section of the cooling process of incinerator tail gas, effectively preventing the generation of dioxin in the exhaust gas, and moreover, realizing the recycling of afterheat. The completion of the project indicates that Baosteel Energy Tech has gradually mastered the core technology of industrial hazardous waste and sludge disposal and other businesses.



The Ouyeel Cloud Commerce starts a new platform which runs through the second and the tertiary industries, and opens up the field of domestic and international trade and finance throughout the whole process of production, circulation and consumption. Many e-commerce platforms are only aimed at making transactions, while Ouyeel Cloud Commerce is aimed at connecting the whole industry. We hope that more industries can copy this model.

—Liu Min, deputy director of Shanghai Municipal Commission of Commerce

### Services of Steel Internet Platform

In 2016, Ouyeel Cloud Commerce vigorously promoted the construction of the offline capacity, improved the platform service architecture and accelerated innovation of service products, which brought rapid growth to the platform traffic, dramatically increased its market share and overall value and thus reinforced its leading position in the industry.

In the offline construction, Ouyeel Cloud Commerce overfulfilled the "distribution of thousands of warehouses", quickly enhanced its regulatory capacity, provided a solid guarantee for the development of financial services, and moreover, with the concept of "co-construction and sharing" and relying on the franchise warehouses and processing centers, constructed a nationwide and close-to-users multi-level marketing service network.

In terms of business model innovation, Ouyeel Cloud Commerce created innovative and iterative service products, and through

synergy of information flow, capital flow, logistics and technology flow, vigorously developed shipment and consignment, green finance, processing finance and other comprehensive products to meets the needs of different users, and strives to open up each link of the bulk commodity supply chain.

With all Ouyeel people's collaborative efforts and pursuits of innovation and change, various business indicators of Ouyeel Cloud Commerce grew quickly in 2016, exceeding the work target set at the beginning of the year. At the same time, Ouyeel Cloud Commerce actively promotes institutional and mechanism reform, has made a breakthrough in the mixed ownership reform, the core ESOP and network-type management system, and explored a way of development and innovation for the successful development of Internet companies with the background of state-owned assets.

## Solidarity Guarantees Long-term Development

### Be of One Heart and One Mind, Focus on Growth, and Facilitate Employees' Development

Baowu Group has 190,000 employees. We take good care of employees, and seek joint development of employees and company. In combination with the strategy of industrial transformation and dissolution of overcapacity, Baowu optimizes human resources. In 2016, we increased labor efficiency by 17.3%, thus facilitating quality enhancement and efficiency increase.

**Labor efficiency increased by 17.3% in 2016**  
Facilitating quality enhancement and efficiency increase

## Employee Development

"Becoming a model enterprise for joint development of employees and the company" is a vital concept followed by Baowu Group. Always upholding the principle that employees should be put in a prioritized position, Baowu gives great impetus to promote human-oriented modern management, proactively creates environment conducive to putting talented people to the best use, and keeps refining the system of employee growth and development starting with inspiring employees' potential and realizing the individual value of every employee so as to secure employee growth by creating sound conditions and enhance common growth and development of the enterprise and employees, which is an important part of Baowu's fulfillment of its social responsibility.

	2014	2015	2016
Employees (persons)	134,684	126,204	190,700
Female employees (persons)	27,244	25,240	37,631
Proportion of management personnel (%)	8.4	7.6	9.9
Number/Percentage of new employees	7,906/5.9	5,729/4.6	4,869/2.6
Number/Percentage of employees resigning	4,054/3.0	3,962/3.2	5,909/3.1
Proportion of females in the management (%)	10.7	10.5	0.0
Composition of employees by age: 35 and below, 36-45, 46-55, 56 and above	34.7\32.9\27.9\4.4	33.8\33.8\28.6\3.8	28.9\38.7\29.6\2.7
Composition of employees by educational level (%): Postgraduate, university, junior college and secondary technical school and below	5.3\23.0\28.0\43.6	5.9\24.6\30.0\39.5	5.8\26.5\28.7\39.1
Composition of employees by titles and competence: Medium- and high- titles, high technical competence, and others	14.9\28.3\56.8	16.1\29.5\54.4	15.9\36.8\47.3
The ratio of local employees to all employees in overseas subsidiaries	68.6	72.2	81.6
Number of dispatched personnel	3,748	3,122	5,960
Training investment (RMB 10,000)	13,397.4	11,432.7	10,497.25
Training hours per capita (hour)	75.1	67.3	42.07
Training investment per capita (RMB yuan)	1,091	1,035	724.7
Total employee remuneration (RMB billion)	152.0	140.6	214.9

Note: Senior skilled workers refer to the employees with a senior worker title or above

## Operation and Management

### Continuously improving the globalization level of operation and management talent

The globalized talent team building of Baowu is intended to foster a group of operation and management talented people with globalized mindset and vision and a good knowledge of international rules. It is also an important talent strategy that supports Baowu's strategic deployment "from China to the world". Based on further integration of the training resources of prestigious overseas universities and under the principle of "Openness,

Fairness, Transparency and Education-Employment Combination", Baowu continued to further promote major overseas training programs in 2016, sending 11 employees to Harvard Business School and University of California-Berkeley in the US, University of Manchester in the UK, University of Twente and Maastricht University in Netherlands to receive training. In addition, serial English intensive training was conducted based on the need for overseas study: 23 employees were sent to Zhejiang University for TOEFL English intensive study.

## Technical Business

### "Golden Apple" Initiative: Bringing up leading technological innovation talent



The "Golden Apple" Initiative of Baowu is intended to bring up leading technological innovation talent with international influence and create proprietary innovative technologies for which Baowu is famous in the development history of the global steel industry in 8-10 years. In 2016, 5 teams of the "Golden Apple" Initiative (Term II) ended projects with remarkable results with an economic benefit of over RMB 0.5 billion, international debut of a total of 15 products and over 110 scientific and research achievements of internationally leading level. With 10 teams of the "Golden Apple" Initiative (Term III) coming out, the Corporation continues to create a positive

environment for scientific research and production practice, and encourages the experts, with a focus on important innovation areas and major technological difficulties, to embrace challenges and venture to adopt innovative practice, make significant technical breakthroughs, and lift iron and steel technologies to a new elevation. In the future, new rounds of the "Golden Apple" Initiative will be launched within a larger industry scope to further provide strong support for the Corporation's technological progress, production and operations.

### "Green Apple" Initiative: Reservoir of strategic talent

Baowu "Green Apple" Initiative aims to proactively discover, develop and reserve a batch of young employees with great potential based on the need of the Corporation's future development. It is the important strategic talent reserve of Baowu and also essential for the joint development of Baowu and its employees. Since its launch in 2009, "Green Apple" Initiative has lasted for six terms and incorporated more than 360 young people with great potential into the planned training. They need to receive a two-year training in "TTT"

training mode". In 2016, a total of 135 persons participated and finished two sessions of collective study, overseas study selection and implementation in the fifth term and three sessions of collective study and salon in the sixth term, which builds a stage for young people with great potential to develop and show themselves and thus wins praises from young employees.



### Baowu Technical Expert Conference



It is formerly known as Baosteel Technical Expert Symposium. Founded in early 2013, Baosteel Technical Expert Symposium is intended to provide more than one hundred technical experts of Baosteel with an open and sharing platform for self-directed study, unbounded communication and interactive study so as to inspire the capability of the experts for innovation in exchange and collision of ideas by means of learning, communication, sharing and study and promote their common development. Against the background of consolidation and restructuring of former Baosteel Group and WISCO, in order to further promote technical sharing and communication, strengthen building of the technical team and

improve technology research and development capability of Baowu, Baowu Technical Expert Conference & "Technological Innovation Camp" Study was held in Talent Development Institute of Baowu. Nearly a hundred top technical experts of Baowu gathered to communicate and discuss on hot topics such as smart manufacturing and development of urban steel mills in a bid to help the development of the Corporation. Chen Derong, President of Baowu and Zhang Jin'gang, Vice President of Baowu attended the Conference. Chen Derong encouraged technical staff of Baowu to be committed to provide support for the Corporation in its striving to be the leader of the global steel industry.

## Operation and Maintenance

### Workers Professional Skills Competition

The Seventh Baosteel Workers Professional Skills Competition with 7 items including sintering workers, converter steelmaking workers, steel-rolling workers (wire rods), NDT welding inspectors, equipment spot inspectors (instruments), marketing (stimulation) and archives management attracted 320 participants, among which 24 persons were promoted in professional level. Secondary units organized professional skills competition consisting of 55 items, attracting 7,414 worker participants; tertiary units organized competitions of 227 items with 14,577 worker participants; the 16th WISCO Worker Professional Skills Sports Competition with 4 items of the first-class

specialties, 52 items of the second-class specialties, and 158 items of different specialties organized by grassroots units attracted nearly 20,000 worker participants, among which there were 86 technical champions and experts.

Baosteel participated in the 8th Ansteel Cup National Steel Industry Professional Skills Competition, won the second prize in the equipment spot inspectors (instruments) contest, and was awarded the title of National Technical Expert by the National Steel Industry and Shanghai May Day Labor Medal.



Wang Jun ,from Crafisman of Great Powers

### On-the-job innovation

In September 2016, the Corporation organized events themed by "Intelligence·Craftsmanship & Wisdom·Innovation" for the Seventh Employee Innovation Day, at which outstanding innovative employees were commended and communication was organized on the "spirit of the craftsman", so as to actively create sound environment for staff innovation. Baosteel assessed and guided the work of 139 staff innovation workrooms, 3 group-level demonstration innovation workrooms, 23 group-level innovation workrooms and 10 top group-level innovation workrooms were named; and 30 outstanding Baosteel self-management teams, 30 outstanding staff economic and technical innovation teams and 10 outstanding Baosteel volunteers for innovation guidance were selected and commended. Kong Liming, Wang Jun and Wang Kangjian were honored as the first "Shanghai Craftsmen" since they lead new breakthroughs in on-the-job innovation with "spirit of the craftsman". Wang Jun was awarded "Skills Award of China" and 8 others were awarded the title of "National Technical Expert".

To further give full play to volunteers in innovation guiding, a new corporate-level innovation guidance team with 108 volunteers was established. Besides, retired Baosteel worker inventors including Kong Liming, Han Mingming and Du Guohua were awarded a certificate of "Senior Honorary Innovative Volunteer" to further bring them into play in the on-the-job innovation guiding on the basis of the staff innovation base. Baosteel carried out the Baosteel Worker Inventor Assessment (once every two years) and 11 new Baosteel worker inventors (fifth batch) were selected, which further strengthened the talent team of on-the-job innovation. In 2016, Yang Jianhua's innovation workroom was rated as "Shanghai Model Innovation Workroom".

Paying special attention to inheritance, integration and sharing of innovation practice, the Corporation held the first on-the-job innovation study. Around 70 front-line innovation experts from WISCO and Baosteel Co., Ltd. gathered and took part in communication, case release and group discussion, which promoted mutual learning, popularization and application of the experience, methods and achievements concerning on-the-job innovation

### Innovation achievements

Employees actively participate in labor competition events and contribute suggestions to the operation of Baowu. A total of 136,000 incentive suggestions were put forward in 2016, of which 110,000 were carried out, bringing economic benefits of RMB 1.26 billion. And 10,688 self-management groups (JK) were established, which accomplished 10,200 achievements; 2,487 staff economic and technological innovation groups were established, with 36,500 employees participating in their activities; 1,995 patents were applied for from on-the-job innovations, including 1,063 patents for invention; 1,990 technological know-hows were made; and 718 advanced operation methods of employees were entitled.

At the 115th Paris International Inventions Exhibition in 2016, 1 project of the front-line on-the-job innovation expert team of Baosteel won silver award, 5 bronze award and 3 Repin Invention Award. At the 28th Shanghai Excellent Invention Qualification Trial, Baowu's front-line employees won a total of 31 excellent invention awards, including 5 gold awards, 12 silver awards and 14 bronze awards. In addition, they also won 69 Workers Technology Innovation awards, including 2 gold awards, 5 silver awards, 22 bronze awards and 39 finalist awards. In November, Baowu, after the consolidation and restructuring of former Baosteel Group and WISCO, for the first time attended the 9th International Inventions Exhibition. A total of 135 projects were awarded 23 gold awards, 30 silver awards and 33 bronze awards, making Baowu the enterprise winning most awards among all the delegations and showing the innovation capability of Baowu's front-line employees to the international community.

Chen Jie, one of Baowu's front-line employees, won the second prize of Shanghai Science and Technology Progress Awards, which was also the highest worker innovation award in Shanghai which was won by Baowu employees for four consecutive years.

Besides, 2 employees won National May Day Labor Medal, 1 collective was rated as National Worker Pioneer, 4 employees were rated as work models at the provincial or ministry-level, 3 collectives were granted May Day Labor Certificate at the provincial or ministry-level, 9 employees won May Day Labor Medal at the provincial or ministry-level and 4 collectives were rated as Worker Pioneers at the provincial or ministry-level. And 20 advanced workers including Zengle Award winners set examples for Baosteel's employees.

At the 13th High Skilled Talent Commending Conference, 30 persons won "Skills Award of China" and 299 persons were awarded the title of National Technical Expert. Of them, Wang Jun was awarded "Skills Award of China" and 8 employees were awarded the title of National Technical Expert. This is the top government award for Chinese skilled talented people.

### Staff Development Index

In 2016, based on its actual conditions, Baowu explored investigation and research tools of higher practical value and significance, and adopted brand-new Baowu Staff Development Index (BSDI) for investigation and research on staff development index among the headquarters of Baowu, overseas employees and 14 subsidiary units. A total of 23,200 employees participated in the investigation and research through on-line assessment. The participation rate reached 97.84 % with a significant improvement compared with that of the former Employee Engagement Assessment. According to statistics, the BSDI score of the whole Corporation reached 69 %.

## Compensation and Benefits

In 2016, with dramatic recovery of business performance, the Corporation adhered to the incentive policy of linking salary distribution with business benefits and performance, and the total annual salary paid amounted to RMB 21.49 billion with a steady growth. Considering different features of subsidiary businesses, the Corporation implemented classified management of the total compensation budget to drive improvement in efficiency and benefits; the Corporation actively explored and built various mechanisms for effective incentive and strong constraint, and adhered to and refined involvement of knowledge elements in distribution mechanism to encourage employees to make breakthroughs in work; Baowu finished the incentive redemption for 2013-2015 tenure-based units. And it actively promoted equity incentive plans in subsidiary listed companies. Besides, declared Ouyue Cloud Commerce to the SASAC as a pilot enterprise adopting an employee share option plan (ESOP) and successfully obtained approval, thus combining staff interests with enterprise interests closely.

### Corporate Annuity

Within the Corporation, there were 17 secondary subsidiaries joining Baowu's Annuity Program, covering 113,336 employees. With the reasonable, prudent security-first investment strategy of the annuity administrator with equal attention paid to supervision, Baowu's annuity management authority strengthened the supervision of investment administrators, and paid special attention to optimizing large assets allocation modes and schemes and preventing credit risks. In 2016, the return rate of the annuity of the Corporation was 3.96 %, which was above the average in the industry. Meanwhile, the Corporation continued to regard employees as clients, and follow the client-oriented and service-oriented service concepts, offered high-standard and people-oriented website pages and text functions, and provided employees with quality, all-around and convenient services.



## Safety Protection

In 2016, fully realizing the severe winter of the steel industry and the severe situation in safety during the restructuring period of Baowu, the Corporation strengthened the principle of "Party and administrative leaders jointly taking the responsibility of safety" and "Integrating safety into each trade and each line of business and into the full process of production and operations", paid close attention to the risk management of key units, key areas, key links and key groups, strengthened grassroots and basic management, optimized safety system management and guaranteed employees' vocational safety and health, which ensured the situation of safe production became better in a continuous and steady manner.

### Strictly Maintaining the Bottom Line of Safety and Strengthening the Legal Awareness

The Corporation deeply studied and implemented the spirit of the important instructions with regard to safe production by central leaders including General Secretary Xi Jinping and Premier Li Keqiang. Major leaders of Baowu took command in person by reviewing and issuing 2016 work guidelines for safe production and deciding on key work for safe production of the year. They also led teams to production sites including BaYi Iron & Steel, Shaoguan Iron & Steel, and Meishan Iron & Steel for investigation and safe production guiding.

The Corporation conducted publicity and implementation of the new Production Safety Law of the PRC among all the employees, organized and conducted "Safe Production Month" events, and increased efforts to publicize safe production through different channels and in different forms with the theme of "strengthen the concept of safe development and enhance safety quality of the whole staff" so as to ensure whole coverage and effectiveness of the safe production publicity among the whole staff.

### Refining Management System, Consolidating Basic Management at the Grassroots Level

In light of the emphasis of the new Production Safety Law on the responsibility of enterprises as the main body in production safety and taking into consideration production capability changes of subsidiary steel companies, business changes of diversified subsidiaries, advanced indexes on work-related deaths frequency of the International Steel Association, and the span of and difficulty in management, the Corporation reclassified its subsidiaries and amended management documents like "Regulations on Safe Production", "Regulations on Safe Production Assessment" and "Regulations on Accountability of Safe Production Accidents".

The work of meeting standards and building of standardization teams in safe production was advanced continuously. Baosteel Desheng passed the secondary enterprise review and conducts regular self-assessment; Zhanjiang Iron & Steel has made work plans for building of standardization teams; the General Steelmaking Plant of Wuhan Iron and Steel Company Limited passed the national standardization demonstration enterprise review and acceptance conducted by the State Administration of Work Safety. Lean safety management was introduced and safety training on

professionals, front-line employees and the people responsible for safe production was continued. Training on "one position taking both responsibilities for production and safe protection" were planned for craftsmanship, equipment and technology and online safety management training for supervising and managing personnel of the projects were launched and organized.

### Conducting Risk Prevention and Control, Ensuring Safety through Technologies

Baowu conducted key prevention and control of major risks in safety management, formulated the "Implementation Plan for Recognition, Management and Control of Major Risk Factors of Industrial and Trade Enterprises and Improvement of Accident Prevention Capability" and the "Implementation Plan for Prevention and Control of Accident of the Serious Level or Higher". In the process of conducting recognition, management and control of major risk factors and improving the capability for preventing accidents by all the subsidiaries, the Corporation demanded them to focus on risk prevention and control of site risk sources and focus on "risk, measure, responsibility and effect".

Baowu formulated annual supervising plans for coal mines and ensured the achievements of supervision were converted into long-term mechanism with emphasize on project management, training and field verification so as to constantly enhance safety performance and coal mine safety management of coal mining units. The Corporation conducted random inspection of radioactive sources safety management of Baosteel Desheng and BaYi Iron & Steel and demanded all affiliated units to carry out all-round security investigation over radioactive sources by refining preventive measures and identifying risks of radioactive sources in use, environment and security and to implement rectifying measures so as to achieve proper control over safety management.

The Corporation, with Baosteel Meishan Steel as the pilot, conducted a systematic analysis on belt conveyor management, optimized the outsourcing business system, increased investment in technological transformation and promoted mechanization, automation and intellectualization so as to realize management reform. On December 9, the Corporation held an on-the-spot special work meeting for Baosteel Meishan Steel's belt conveyor safety management reform and technological progress, at which affiliated companies present communicated and studied on promoting smart manufacturing of steel industry raw materials and belt conveyors and transformation of urban steel mills.



### Deepening Special Supervision, Refining the Supervising System

The Safety Supervision Team of the Corporation organized and implemented four special supervision activities, including the collaborative safety management of Baosteel Zhanjiang Iron & Steel, rectification and verification of the problems identified in 2015 special safety review on the gas business of subsidiaries of Baochem outside of Shanghai and Baosteel Metal, collaborative maintenance and metallurgical area, safety and accident management of collaborative production within the year. Totally 151 problematic items were found and included in the assessment of management and safety performance of the year. Within the year, the Corporation organized "review" on the special supervision of safety management of BaYi Iron & Steel, Shaoguan Iron & Steel and Baosteel Desheng. The awareness of responsibility of the 3 units under the supervision was constantly strengthened and the work of safety management was improved to some extent.

With efforts of the whole staff, the Corporation preliminarily achieved the goal of safety work of "no serious or worse safety accidents, 20 % decrease of work-related deaths than the average of recent three years and steady drop of injury frequency". Besides, both the amount of accidents and persons injured decreased by 40 % or more. In 2016, the safety management of the Corporation generally went well. Within the Corporation, there were 6 work-related deaths, 2 accidents of serious injury involving 2 persons, and 60 accidents of minor injury involving 62 persons. The total accidents decreased by 40 % or more and the accident index performance was the best in history.

Employee Work Injury Statistics in the Past Three Years

Year	Number of Casualties	Frequency of Injuries (Number of Casualties per million working hours)	Severity of Injuries (Number of working days lost per million working hours)
2014	125	0.44	164.70
2015	105	0.40	111.00
2016	70	0.18	102.03

## Communication with Employees

### Communication with Employees in the Critical Period of Transformative Development

To ensure employment of every employee with willingness to work, WISCO established a human resources service center to provide the employees to be transferred to new posts with employment opportunities by seeking support from higher organizations. On February 26 and March 19, WISCO held two special job fairs for employees and the family members of employees of it. A total of over 330 employers provided 13,000 posts concerning 96 trades covering finance and accounting, warehousing and logistics. It attracted 5,098 registered applicants, among whom 2,017 were employed. As for those who have left their original posts, WISCO, jointly with social training organizations, carried out skill training for the employees to be transferred to new posts. Over 1,000 employees participated in the training and received qualification certificates.

2 Special job fairs  
13,000 jobs

In light of employees' diversified thoughts and concern for the future of the enterprise, BaYi Iron & Steel constantly held activities entitled "Visiting Work Teams and Employees and Serving Employees with Actions". BaYi Iron & Steel tried to understand thoughts and major appeals of employees via telephone calls, WeChat and visits to homes and regularly organized recreational and sports activities and home visits for communication. BaYi Iron & Steel held weekly communication meetings attended by corporate leaders and grassroots employees to listen to thoughts and opinions of grassroots employees in the transformative process. It also formulated information delivery entitled "Communication Meetings of Corporate Leadership and Grassroots Employees" to collect heated information of disputes and appeals and make replies in time. The company meticulously held the first meeting of the 8th staff congress and 233 staff representatives participated in heated discussions on "the 10th Collective Contracts of BaYi Iron & Steel", "Regulations on Early Retirement of Staff of BaYi Iron & Steel", "Regulations on Labor Contracts" and "Appointment Regulations", which were passed with an average passing rate of 95% and implemented.

Conscientiously implementing the calls of the CPC Central Committee and the State Council, Baosteel Stainless took an active part in the supply-side structural reform in the steel industry, actively reduced excessive capacity of the steel industry and successively promoted post transferring of 1,743 employees. In the process of shutting down certain production lines, Baosteel Stainless established a strong awareness of overall situation and responsibility, and firmly implemented the decisions and arrangements of the Corporation. It steadily promoted industry structural adjustments and employee transformative development and maintained overall harmony and steadiness. Besides, it realized the goal of "no mass disturbance or abnormal collective petition, no vicious incident or public security cases of social impact, no incident of disturbance and social impact or repeated petition, no public events of social impact, and no major safety accidents or environmental events", thus making great contributions to the reform and development of the Corporation.

### Publicity of Factory Affairs and Democratic Management

**Activity of employee representatives' views on Baosteel**  
On October 26, 2016, Baosteel organized the tenth "Employee Representatives' Views on Baosteel" activity themed by "Views on Costs by Focusing on the Market and Seeing the Actions on the Site." On the morning of the day, around 100 staff representatives from Shanghai and other places listened to subject introductions of the Materials and Spare Parts Procurement Department of Baosteel Co., Ltd., Procurement Management Department of Baosteel Engineering & Technology and Baochem to learn about recent progress made by all units in procurement cost control. On the afternoon of the day, staff representatives visited grassroots units of Baosteel Co., Ltd., BaYi Iron & Steel, Baosteel Special Steel, Baosteel Metal, Baosteel Engineering & Technology, Baochem and Baosteel Development by five groups. They learned about the employee working condition improvement, cost reducing and performance enhancement and safety foundation management and walked to operating rooms, lounges, dressing rooms, canteens, toilets and production sites for on-site assessment.

Staff representatives commented that all affiliated units had made great achievements in cost control, which demonstrated determination of the Corporation that "any cost can be reduced". In the visits paid to the units, the staff representatives held that the working environment of front-line employees was greatly improved and the current environment was tidy and sweet. Meanwhile, they also put forward opinions and suggestions, such as further bringing into play the internal synergistic effect, integrating resources and enhancing capabilities of procurement negotiations; giving consideration to utility and appearance in improving working environment; and suggesting all units better doing so as to further promote participation of front-line employees.

### Staff congress

At Baosteel, the representatives present at the fourth meeting of the third staff congress listened to and deliberated on work report given by President Chen Derong, Report on the Safety Production Management in 2015 and the Work Plan in 2016, Report on the Energy and Environmental Protection Work in 2015 and the Work Plan in 2016 and Report on the Operation and Management of Baosteel's Corporate Annuity in 2015 and deliberated on the Report on Employee Education Funds Use in 2015 and Training Plan in 2016, Report on Information Management of Employees Demand and Concerns in 2015 and Comprehensive Report on Publicity of Factory Affairs and Democratic Management in 2015 in written form. The congress reviewed and approved "Baosteel's Resolutions of the Fourth Meeting of the Third Staff Congress". At the meeting, the whole staff was called on to have the confidence and advance in face of difficulties while vigorously promoting reform and innovation to realize transformative development.

Wuhan Iron and Steel (Group) Corporation held the third meeting of the thirteenth staff congress, with 36 units holding preparatory meetings, and 2 special committee meetings. At the congress, 8 issues were deliberated on, 10 proposals were urged for implementation and 47 opinions and suggestions were put into implementation. In light of the restructuring of Baosteel and WISCO, it guided Wuhan Iron & Steel Company Limited to hold the thematic staff congress. In the process of dissolving overcapacity and promoting reform, it successively guided 28 units in orderly holding staff congress. Human resource optimization schemes and other major issues concerned by and closely related to the staff were included in the topics of the staff congress.

### Communication with Female Employees

On the afternoon of March 7, 2016, Baosteel organized and held Women's Day 2016 and "Roses Workshop" Activity themed by "Grow Against Difficulties-Blossom in Winters" to celebrate their contributions to cost reducing and performance creating. Female employees of different area and posts of Baosteel stepped to the stage, sharing their stories on thrift in work, ups and downs of customer service and perseverance in work. In this way, they celebrated the Women's Day in 2016.

At the meeting, leaders presented awards to the collectives and individuals wining "Women's Civilized Posts", "Woman Model for Outstanding Achievements", "Rose Cultivation Award" and "Rose Blossom and Best Practice Award". Meanwhile, "Honghua Innovation Workroom" affiliated to Baosteel Co., Ltd. won the title of "Labor Day Women's Innovation Workroom" as the first batch of winners presented by Shanghai Federation of Trade Unions.

### Communication with Young Employees

The Corporation tries to expand the work front by designing special columns to drive development of new media platforms. The Corporation further studies innovative measures for transformative upgrading and improvement of Youth League in the trend of Mobile Internet, connects to "Voice of Youth" of the Central Committee of the Youth League, and listened to presentation made by Public Opinion Monitoring Office of CYOL on new media and public opinion and quality targeted at league cadre to further understand work related to Chinese youths against the background of the Internet. Grassroots league organizations are driven to use resources as QQ groups, WeChat groups, Fetion groups, bbs and SNS and numerous Internet-based homes have been built for league member youths, thus realizing all league organizations' rapid liaison system coverage of youths.

### Special report meeting on publicity of factory affairs

On the afternoon of August 17, 2016, the Corporation held Special Report Meeting on Publicity of Factory Affairs in 2016, at which "business performance", "correcting the undesirable Party work styles and anti-corruption and integrity upholding", "executives' position-related treatment and business expenditures", "safe production" and "energy saving and environmental protection" and other matters were reported. The delegates present, include members of the Comprehensive Democratic Management Committee, some representatives of staff congress of the group and directors and deputy directors of democratic management committees of staff congress of all units. The representatives carefully listened to the report of each functional department and completed satisfaction evaluation. The representatives held that the report was substantial in content with supporting cases, which reflected the highly emphasizes of the Corporation on publicity of factory affairs. The representatives present put forward 25 opinions and suggestions on the basis of business performance, correcting the undesirable Party work styles and anti-corruption and integrity upholding, "executives" position-related treatment and business expenditures, safe production and energy saving and environmental protection and other information collected before the meeting.



### Employee Assistance Activities

#### Statistics of Staff Assistance in 2014-2016

Year	Total Person-times Aided	Amount (RMB Million)	Living Allowance		Education Grants		Medical Relief	
			Person-times Aided	Amount (RMB Million)	Person-times Aided	Amount (RMB Million)	Person-times Aided	Amount (RMB Million)
2014	46,254	34.32	40,182	24.66	1,668	1.21	4,404	8.45
2015	46,300	32.11	42,942	24.85	1,126	1.33	2,232	5.94
2016	99,006	61.261	88,958	47.941	2,249	2.578	7,799	10.742

### Employees' Three Top Concerns

"Work Environment Renovation for Front-line Employees" was a key project of the "Three Top Concerns" for employees in 2016. Renovation of staff lounges, bathrooms, dressing rooms, canteens, toilets and other projects were promoted and implemented. All the subsidiaries also collected the opinions of employees through various information feedback channels, went deep into the front line to sort out, investigate, explore and grasp the problems closely related to the vital interests of the employees to seriously carry out the "Three Top Concerns" projects. There were 889 "Three Top Concerns" projects at the grassroots level through the year, including 676 ones concerning life logistics, 182 ones regarding site environment, 17 ones regarding human care and 14 ones regarding compensation and welfare. The 889 "Three Top Concerns" projects at the grassroots level included 878 renovation projects of the Corporation's key project "Work Environment Renovation for Front-line Employees," including 535 lounges, 61 bathrooms, 89 dressing rooms, 28 canteens and 165 toilets. Currently, the completion rate of the Corporation's 889 key projects reaches 100%.



### Operation of the "Bridge" Forum

The "Bridge" Forum has been running well since establishment and has become a mature platform for employees to solve problems and communicate, which attracted continuous attention of employees.

As the network home of Baowu youths, the "Bridge" Forum page design was revised in 2016. Centering on the most popular sections and columns, the Corporation added personal homepage to "Bridge" space, developed logs, photo albums, recording, sharing and other functions, promoted the transition of the forum to community forum and its application, and enhanced the collaboration between "Bridge" Forum network and mobile system, to highlight the individual needs of employees. The "Bridge" Forum was utilized to conduct investigation into the current state of the youth, research into the satisfaction rate of the Communist Youth League organizations and separate accommodation and other questionnaire researches, with a total of nearly 2,000 votes received, thus gaining further in-depth understanding of the thoughts of the young employees. And members of the "Bridge" Forum were encouraged to independently hold fitness, charity and activities for promoting friendship to enhance the coverage of similar activities.

Totally 444 inquiries were received through the employee hotline in 2016, including 210 inquiries for information, 113 complaints and 121 suggestions. The inquiries covered compensation and benefits, system building, security and environment, catering service, shuttle buses and commuting and information system, and the reply rate reached 100 %. Compared with the 938 inquiries in 2015 (including 475 inquiries for information, 232 complaints and 231 suggestions), the quantity in 2016 decreased by nearly 52.67 %. Meanwhile, the "E-interaction" section was further promoted in application among all the units of the Corporation and a total of 3 rounds of "E-interaction" communication were carried out, with 150 questions received, and a steady communication mechanism connecting the leadership and the "Bridge" has been formed.

### WISCO Staff Service Center

WISCO actively promotes construction of "digital trade unions" by refining "four-in-one" staff service center integrating entity, website, WeChat and mobile phone APP platform. Up to the present, the website has been visited by nearly 33,000 person-times, followed by over 18,000 WeChat fans, which is still increasing by month. On WeChat, the messages of "WISCO Staff Service Center" have been clicked for nearly 1.655 million times. And the Center has solved employee appeals in a point-to-point manner for nearly 22,000 person-times through entity, website and WeChat.

## Start from the Heart, End with Action

### Undertake Social Responsibility and Mission; Begin Well and End Well

Since 2002, we have aided Tibet, with approximately 160 projects implemented and totally RMB 384 million input. Since 2014, we have aided Qinghai Province, with 16 projects implemented and totally RMB 21.773 million input.

**160 projects implemented in total  
RMB 384 million input in total**



## Donation Overview

In 2016, in strict accordance with the requirements of the "Management Measures for Outward Donation and Sponsorship" and "Circular on Strengthening the Administration of Donation", Baowu standardized the approval processes for donation and strengthened tracking donation programs. And Baowu totally donated outwards RMB 93.860 million.

**93.860  
million yuan**

Categories	Amount (RMB Million)	Proportion (%)
Donation to public relief and public welfare	0.610	0.6%
Aid for the impoverished and disadvantaged and support for construction	61.150	65.2%
Donation to education sector (education grants)	29.285	31.2%
Donation to cultural and sports sector	0.060	0.1%
Other donations	2.755	2.9%
<b>Total</b>	<b>93.860</b>	<b>100%</b>

## Relationship with Communities

### Shanghai

The Corporation held the new year community program of "Friendly Baosteel" for caring for the elderly and donated articles as comforts to the elderly in Baoshan District for poverty alleviation; joining hands with Bai Wanqing Art Troupe, it carried out public service road shows with the theme of "strengthening anti-fraud" in communities of Baoshan District and constantly promoted shows to console the elderly of nursing homes, which enjoyed popularity among the elderly, and Baosteel thus received the silk banners presented by the nursing home, which reads "Caring for the elderly by conducting heart-warming activities".

The Corporation cooperated with Shanghai United Foundation in planning and encouraging employees to participate in the activity of "2016 Walk for an Egg". A total of 16 Baosteel teams were involved in the charity activity to promote the charity brand, "Friendly Baosteel".

#### A practical project-restaurant of the service center for the elderly gained commendations

A practical project collaborated by Baosteel Development Catering Management Company and Youyi Road Sub-district of Baoshan District, the restaurant of the service center for the elderly was officially opened in 2015 and has gained recognition and commendations from sub-district leaders and the elderly. At present, totally 24 neighborhood committees order the catering service and the daily distribution volume reaches around 300.

To run the practical program well, Baosteel Development Catering Management Company, adhering to the aim of bearing social responsibility and serving the elderly of communities with quality services, held special meetings for discussion and research on



canteen layout, disinfection and sanitation, and equipment commissioning. Besides, special cookbooks are made to meet tastes of the elderly. The company specially prepared a fully enclosed food van to distribute food to neighborhood committees to serve elder people. So elder people aged 60 or more at Youyi Road Sub-district can have meals at the restaurant or have lunch at home by ordering it through neighborhood committees, which is convenient, hygienic, economical and inexpensive.

#### Opening up of Baolehui Lifestyle Center

On April 28, 2016, Baolehui Lifestyle Center, the first comprehensive experience shopping center affiliated to Baosteel Development was opened up, which filled the gap at the large-scale comprehensive shopping center in Songbao region, Baoshan District. With a total building area of 100,000 square meters, Baolehui Lifestyle Center is the first commercial and cultural program invested and constructed by the company. It integrated functions as shopping, catering, entertainment, culture and recreation in one, capable of meeting multiple consumption needs of people of all ages. As the only shopping center opened up in the downtown core commercial circle of Baoshan in 2016, Baolehui served Baoshan residents with its rich cultural life choices and better living experience thanks to its diversified business combination and experience consumption mode.

Development of Baolehui is one of the major measures taken by Baowu to focus on building steel-city-integrated green belts by continuously optimizing the industrial layout and integrating itself into urban services. By December 31, 2016, its accumulative passenger flow had reached 5.3 million person-times, which stood in a leading position in the Songbao region.

### Hubei

WISCO donated RMB 0.7 million to assist Luotian County, Huanggang City, Hubei Province for development of Hujichong Village, Hujia'ao Town for the "Beautiful Village Construction" plan. By giving full play to the role of the first Secretary of the Party branch of the village, WISCO compiled promoting plan for the whole village, and completed installation of 50 solar street lamps and construction of 1.5-kilometer production-team connecting road in Hujichong Village.

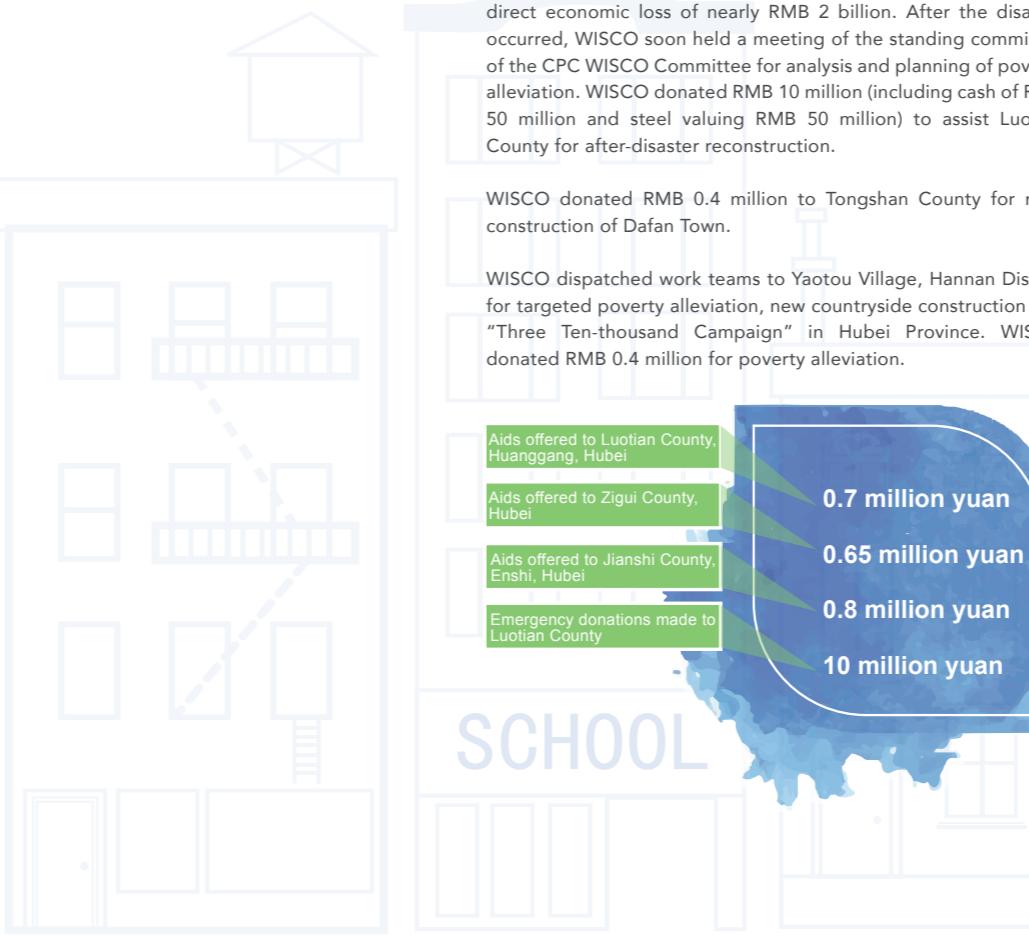
WISCO donated RMB 0.65 million to assist Zigui County, Hubei Province for extended construction of the teaching buildings and auxiliary buildings of Zigui No. 1 High School. A total area of 3,103.4 square meters of teaching building was newly built, and auxiliary projects for water and power supply, firefighting, greening and wastewater treatment were completed.

WISCO donated RMB 0.8 million to assist Jianshi County, Enshi Prefecture, Hubei Province for installation of 120 street lamps in Guandian Town, which improved its appearance and refined functions of the town.

And WISCO participated in flood relief in Hubei Province. In June and July of 2016, Hubei was stricken by torrential rain and Luotian County, an impoverished county receiving the fixed-point poverty alleviation from WISCO, was among the most stricken regions. Roads, bridges and houses were damaged, traffic, communication and power were interrupted, and widespread damage was caused to farmland and water conservancy facilities, which resulted in direct economic loss of nearly RMB 2 billion. After the disaster occurred, WISCO soon held a meeting of the standing committee of the CPC WISCO Committee for analysis and planning of poverty alleviation. WISCO donated RMB 10 million (including cash of RMB 50 million and steel valuing RMB 50 million) to assist Luotian County for after-disaster reconstruction.

WISCO donated RMB 0.4 million to Tongshan County for rural construction of Dafan Town.

WISCO dispatched work teams to Yaotou Village, Hannan District for targeted poverty alleviation, new countryside construction and "Three Ten-thousand Campaign" in Hubei Province. WISCO donated RMB 0.4 million for poverty alleviation.



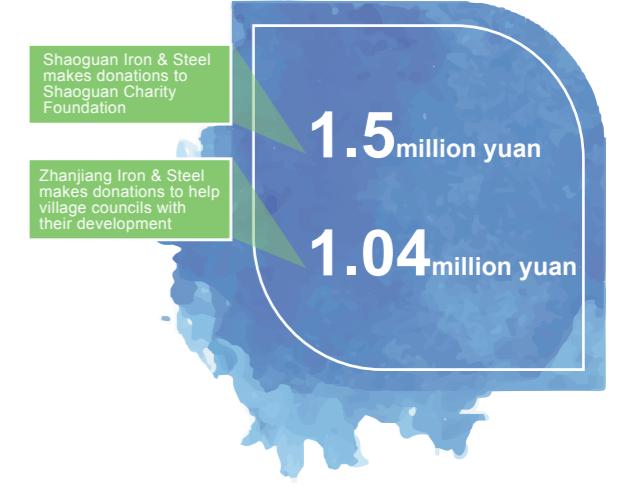
### Guangxi

WISCO donated RMB 0.7 million to Shanglin County in Nanning City of Guangxi Zhuang Autonomous Region for fixed-point poverty alleviation for assisting new village construction and CPC members and the masses service center in Lidan Village, Dafeng Town, Shanglin County and establishment of platforms for sales of farm and sideline products to promote sales of the special farm and sideline products of Shanglin County.

### Guangdong

Shaoguan Iron & Steel donated RMB 1.5 million to the Shaoguan Charity Federation to assist the poor villages determined in the poverty relief and development scheme of the provincial and municipal governments, which was characterized by "Planning for an Individual Household and Assigning Responsibility to an Individual Person". Shaoguan Iron & Steel assisted Zhangwu Village, Nanmu Town, Nanxiong City, Guangdong Province for fixed-point poverty alleviation. It also formulated an overall plan for 2016-2018 poverty alleviation and a plan for 2016 poverty alleviation. In 2016, it assisted Zhangwu Village in construction of villagers' public service activity center and "Five-activity Venues", photovoltaic power generation project and street lamp installation, and aided 41 impoverished households as the key.

Zhanjiang Iron & Steel assisted Dongshi Village, Nanxing Town, Leizhou City, Guangdong for fixed-point poverty alleviation. The 2016-2018 Overall Plan for targeted poverty alleviation of Dongshi Village, Nanxing Town, Leizhou of Guangdong was formulated. In 2016, emphasis was put on launching projects concerning road, water conservancy, education and health, infrastructure and public service was extended to the poor village, and preferential policy support was given to weak links. In 2016, Zhanjiang Iron & Steel assisted 4 construction projects of the villagers' committee and donated RMB 1.04 million for poverty alleviation.



## Contribution to the Society

### Aiding Tibet

Baosteel provided pairing aid to Zhongba County, Shigatse City. Firmly holding the missions of leapfrog development and lasting political stability, Baosteel took maintaining and developing people's livelihood as the starting point and standpoint around the center of economic development. Aiding Tibet projects covering infrastructure improvement, industrial development, Party building and the Party's cadres and talent team building, education, culture and health, and frontier defense promoted the economic and social development of Zhongba County, which directly and constantly benefited the people of Zhongba County and Shigatse City in a wide range. From 2014 to 2016, Baosteel donated a total of RMB 72.285 million for the fifth round of Tibet-aiding projects and another RMB 27 million was donated as special fund for hospital construction in Shigatse. Baosteel invested RMB 15.5511 million to aid Tibet in 2016. Yang Qianwei, a cadre of Baosteel sent to aid Tibet, was granted the honor of Advanced Individual in Social Poverty Alleviation Work 2014-2015 by Xizang. And Yang gave speeches at the Symposium on 20th-Anniversary of Aiding Tibet held by the Organization Department of the CPC Central Committee and the National Development and Reform Commission (NDRC), Symposium of the Leaders of Aiding Tibet Work Teams by the CPC Committee of Tibet Autonomous Region and the Symposium for 50th Anniversary of Establishment of Tibet Autonomous Region on behalf of CSOE for times. And People's Daily, Xinhua News, CNR (China National Radio), www.youth.cn, Tibet Daily, XZTV and New Tibet publisher interviewed Yang for more than 10 times and published 15 reports.

Baosteel actively promoted industrial development and drove construction of towns with cultural and tourism industries through aiding Tibet projects. Taking advantage of the geographic position, transportation and natural resources of Paryang Town, Zhongba County, Baosteel spared no effort to build new engines for economic development of Zhongba County on the basis of full investigation and scientific planning. The cultural and tourism complex project constructed with the support and investment of RMB 25 million of Baosteel were put into operation, which has formed a layout featured by "joint regional development driven by the radiation effect of a town". And the annual earnings from tourism would exceed RMB 6 million and absorbed the demands for work of some herdsmen. Paryang Town has been listed among the special small towns by Shigatse and Tibet Autonomous Region which would be as a key for construction and became a "National Key Town". In 2016, "An Inn in the Holy Mountain" inscribed by the 11th Master Panchen for Paryang Town, which became an impressive "business card" of Paryang Town to develop tourism with characteristics.

WISCO assisted Basu County and Dingqing County of Changdu City for fixed-point poverty alleviation. In 2016, WISCO formulated 2016-2020 Aiding Tibet Plan and invested RMB 15 million to assist Basu County and Dingqing County in construction of four projects closely related to livelihood of the local people. In the meantime, the WISCO Trade Union, in accordance with the requirements of All-China Federation of Trade Unions, would invest a total of RMB 1.5 million from 2015 to 2018 to assist Basu County in cultural education, skill improvement, poverty alleviation and organizational construction. In 2016, the WISCO Trade Union invested a total of RMB 0.4 million for Aiding Tibet.



Inauguration of "Magic Mountain Courier Station"

### Aiding Qinghai

Baosteel assisted Tongde County, Hainan Tibetan Autonomous Prefecture in Qinghai for fixed-point poverty alleviation. Taking maintaining and developing people's livelihood as the starting point and standpoint, it strove to concentrate funds available to do things closely related to interests of the people. Baosteel invested a total of RMB 21.773 million from 2014 to 2016 through its first batch of aiding Qinghai projects (invested RMB 2.01 million in 2016). Huang Daofeng, the first Qinghai-aiding cadre of Baosteel, was granted the honorary title of "Advanced Individual for Promoting Unity and Progress Among Ethnic Groups in Hainan Prefecture" and "Advanced Individual for Pairing Aid to Hainan Prefecture in 2015". The CPC Central Committee and provincial government of Qinghai granted Baosteel "Excellence Award for Pairing-up Assistance for Qinghai" during the period of Aug. 2013 to Jul. 2016.



Students at Kaligang School in Tongde, Qinghai, received gifts from Baosteel for the Children's Day



Hainan Prefecture, Qinghai Province  
A Thousand Miles and Destiny, a grand Tibetan musical, was staged at Baosteel

### Aiding Yunnan

Baosteel provides fixed-point poverty alleviation for Ning'er County, Zhenyuan County and Jiangcheng County of Pu'er City, and Guangan County, Wenshan Prefecture. On the basis of full research, Baosteel formulated scientific plans for poverty alleviation. First, combining fixed-point poverty alleviation with construction of villages with characteristics; second, organically combining infrastructure construction with improvement of production and living conditions of villagers in poverty, and providing assistance for infrastructure construction of the villages, towns and counties receiving fixed-point poverty alleviation to lay a solid foundation for development of villagers in poverty of ethnic groups; third, organically combining economic development with increase in incomes of villagers in poverty. Baosteel regarded the farming and animal breeding projects which could contribute to income increase as the key of input and provided support for development of special industry to increase farmers' income; fourth, organically combining development of economy with development of social undertakings. By supporting construction projects closely related to the economic development of paired villages for poverty alleviation, Baosteel made great efforts to promote harmonious development of the paired villages and help the villages, towns and counties receiving fixed-point poverty alleviation build harmonious society and new socialist countryside. In 2016, Baosteel carried out 14 poverty alleviation projects for Yunnan-aiding, with a total of RMB 9.84 million input.

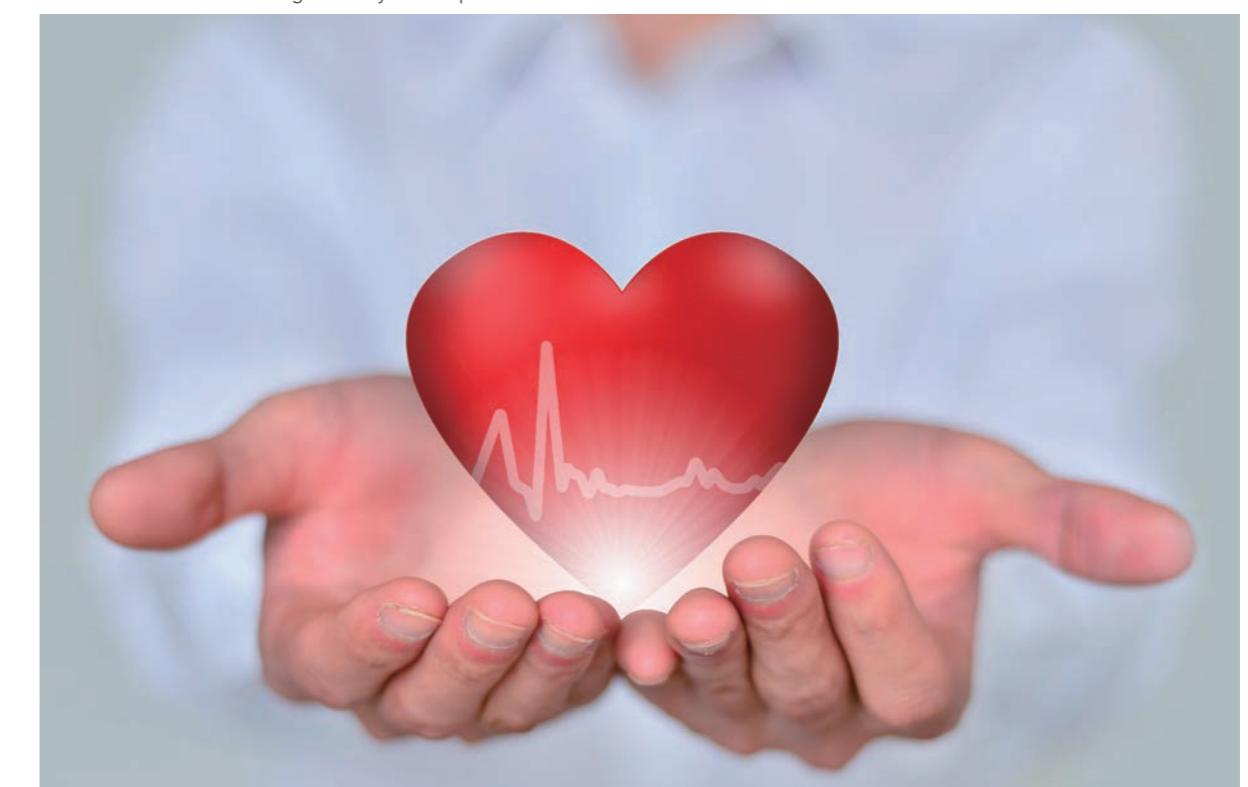
### Volunteer Services

The Corporation formulated the Working Rules of Youth Public Welfare Volunteer Services of China Baowu and was constantly engaged in enrollment and registration of volunteer services of League member youths. Special logo and clothes were equipped for the Youth Volunteer Association and full training and instructions were carried out for every volunteer service. Various volunteer service activities organized by the Corporation Youth

### Aiding Xinjiang

BaYi Iron & Steel conscientiously carried out the spirit of the conference of Xinjiang Autonomous Region on poverty alleviation by working on poverty alleviation and fulfilling the responsibility as a CSOE based in Xinjiang in poverty alleviation. Baosteel established a working team for poverty alleviation of the No.1, No. 2 and No. 8 Villages of Yekexianbai Township of Yopurga County of Kashgar Prefecture, which were the object of its fixed-point poverty alleviation, and for poverty alleviation of Yawulong Development Area in Tianshan Township and Ashele Village of Kurt Township in Hami Prefecture. Taking improvement of people's livelihood as the standpoint and adhering to the principle of "filing-first and focusing on technologies and industries in poverty alleviation", Baosteel standardized Cross-stitch Cooperative, set up cooperative for poultry raising and carried out innovative poverty alleviation through e-commerce platforms. To maintain sales of cross-stitch, poultry and farm and sideline products, the working team, on the basis of bilingual training and computer training, actively planned for operations of e-commerce. In Nov. 2016, an e-commerce platform opening ceremony was held, and the turnover in the first month reached nearly RMB 4,000.

League Committee covered education grants, respecting the aged, environmental protection, helping the disabled, charity sale, conference services and logistics, etc. By present, the Corporation has set up 72 volunteer service organizations, and 7,058 youths have participated in volunteer service, with accumulative service time of 95,305 hours.



## National Natural Science Fund --“Joint Fund for Iron and Steel Research”

In 2000, Baosteel and National Natural Science Foundation of China jointly initiated the “Joint Fund for Iron and Steel Research”. The fund is open to the whole country, preferentially provides subsidies for research into new metallurgical technologies which are badly needed by China’s iron and steel industry and the basic research projects with scientific significance and value of application in such aspects as process, material, energy, the environment, equipment and information, and encourages innovation, interdisciplinary study and integration of firms, universities and research institutes, with its priority given to the young talent in science and technology.

Both parties cooperated in subsidizing the first four terms of the “Joint Fund for Iron and Steel Research”. The fifth term of cooperation (2015-2019) currently being carried out, according to the plan, is focused on the research into the basis of high energy efficiency, green, sustainable iron and steel manufacturing technology and its application basis and the research projects on the application basis of advanced materials, resources, energy and environmental protection which are needed for the transformative

development of the steel industry. The fund has played a great role in driving transformation and upgrading and sustainable development of China’s steel industry, which won praises of national leaders and recognition of industry experts.

In 2016, the “Joint Fund for Iron and Steel Research” subsidized a number of frontier key research and development projects and cultivating projects, including 6 key projects such as “Research into Alloying Mechanism and Key Performance of the New Generation of Vehicle-used High-temperature-resistant Ferrite Stainless Steel” led by Northeastern University and “Theory, Method and Application of Optimal Dispatching of Iron and Steel Production Line Featured by Multi-procedure, Real-time and Intelligence” by Tsinghua University, and 18 explorative cultivating projects such as “Research into Automobile Parts Manufacturing Mechanism Based on Advanced Light-weight High-strength Steel-aluminum Alloy” by Shanghai Jiao Tong University and “Research into the Functioning Principles and Mechanisms of Protection of Hydrogen-consuming Marine Microorganism on Negative Pole of High-strength Iron and Steel” by Institute of Oceanology, Chinese Academy of Sciences.



By the end of 2016, the “Joint Fund for Iron and Steel Research” had totally subsidized 299 research projects with a subsidy of RMB 194 million (including 97 million contributed by Baosteel). By subsidizing project research, the “Joint Fund for Iron and Steel Research” attracted a group of high-quality experts and made a number of important research achievements in fundamental research and application fundamental research with independent intellectual property rights.

## WISCO Museum

With over 7,000 articles and photos including 3 cultural relics at the national second-level and 21 at the national third-level, WISCO Museum is the first iron and steel museum in China established by WISCO. Permanent exhibitions include “Brief History of Metallurgy”, “Three Start-ups of WISCO”, exhibitions of iron and steel products, “Changes of the Steel City” and the simulation exhibition, “The Making of Steel”. The museum shows the history and technologies of ancient metallurgy from the Bronze Age to the Iron Age, and metallurgy technologies and processes, product type and application of modern steel industry via exhibits, models, pictures, texts and simulation exhibitions.

Since it was established on September 13, 2008, WISCO Museum has always kept open to the public for free and has received more than 400,000 visitors accumulatively including employees of government agencies, enterprises and institutions, students, armed policemen, community residents, and admiring youth groups from Hong Kong and Macao, thus playing a positive role in promoting the history and culture of metallurgy and spreading scientific knowledge on iron and steel.

As an important carrier for fulfilling corporate social responsibility, WISCO Museum creates platforms for science education for

citizens, especially the youth and teenagers, has successively built social practice bases (which receive students of different ages from different places in China and the visiting volume accounts for 30 % of the total every year) together with universities including Wuhan University of Science and Technology, South-Central University for Nationalities, and Institute for National Defense Information, and was successively granted the titles of “National Science Education Base”, “Hubei Province Patriotism Education Base”, “Qingshan District Primary and Secondary Schools Off Campus Education Base” and so on.

In 2016, the museum made an active attempt in enriching exhibition content and innovating the forms of exhibition by launching the Second Wuhan Special Exhibition of Private Collections and the memorial exhibition entitled “Comrade Shen Yinluo at WISCO” so as to better meet spiritual and cultural needs of the people and actively play the role of leading cultural development as a public cultural facility. With abundant exhibits and diverse subjects, integrating innovation, knowledge, art and fun into one, the activities attracted the audiences including community residents, enterprise employees and units including schools in Qingshan, winning great acclaim from the public.





## In Making Use of Advantages, Cooperation Is to Be Prized

### Mutual Benefits and Win-win Collaboration to Create Shared Value Ecology

After consolidation and restructuring, we have had 137 domestic marketing outlets, and 36 marketing outlets in other countries, with a marketing network extended to major regions in the world. We have launched the 100m heavy rail and other products in the product portfolio and our quick and efficient services will be available to more users in different industries.

- 137 domestic marketing outlets
- 36 overseas marketing outlets
- 100m heavy rail included in the product portfolio



• • • •

## Joint Development with Suppliers

### Supplier Certification

In 2016, the ISO14001 certification rate of the raw material suppliers of Baosteel Co., Ltd. reached 20 %. And for the materials and spare parts suppliers of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel, the rate of the suppliers certified to the Environmental Management System was 36 %. Note: Before 2014 (included), the qualified suppliers only referred to general suppliers; and as of 2015, the one-time suppliers (control-level suppliers) were also included in qualified suppliers, making the total amount of qualified suppliers greatly increased.

**Rate of Qualified Materials & Spare Parts Suppliers of Headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel Certified to the Environment Management System**



### Sunshine Procurement

**Signing honesty and integrity agreements.** By the end of 2016, 1,581 qualified suppliers for the materials and spare parts procurement of the headquarters of Baosteel Co., Ltd. and 1,539 for that of WISCO all signed honesty and integrity agreements.

**Formulating detailed rules on punishment and management of suppliers involved in adverse events.** In 2016, Baosteel Co., Ltd. Material and Spare Parts Procurement Department formulated management rules in terms of honesty, integrity and public security, quality and equipment accident, and safety and environment protection, for the purpose of strengthening management and control of suppliers.

**Legal bidding procurement.** In 2016, the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel, through bidding, procured cables of RMB 365 million, tubular piles of RMB 64 million, cable bridge of RMB 20 million, repaired engineering equipment of RMB 57 million, fixed asset equipment of RMB 36 million, refractory materials of RMB 11 million and steel tubes of RMB 45 million.

**Promoting open procurement.** In 2016, the total open procurement amount of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel apart from the bidding procurement of material and spare parts was RMB 2 billion, accounting for 19 % of the annual procurement amount.

WISCO carried out bidding system, procurement through competitive negotiation and inquiry procurement in an all-around way and implemented online sunshine procurement. Wuhan Wuxin International Tendering Co., Ltd., as a third-party platform, was responsible for organizing online procurement. The review committee was composed of purchasers, owner representatives and expert judges. Under all-process supervision of the discipline inspection commission and employee supervisors, it released result announcement, which ensured a fair, open and just procurement and compliance and legitimacy. In 2016, WISCO carried out 3,445 bidding invitations (competitive negotiations included) with a trading volume of RMB 1.919 billion and 4,258 inquiries with a trading volume of RMB 2.563 billion.

## Green Procurement

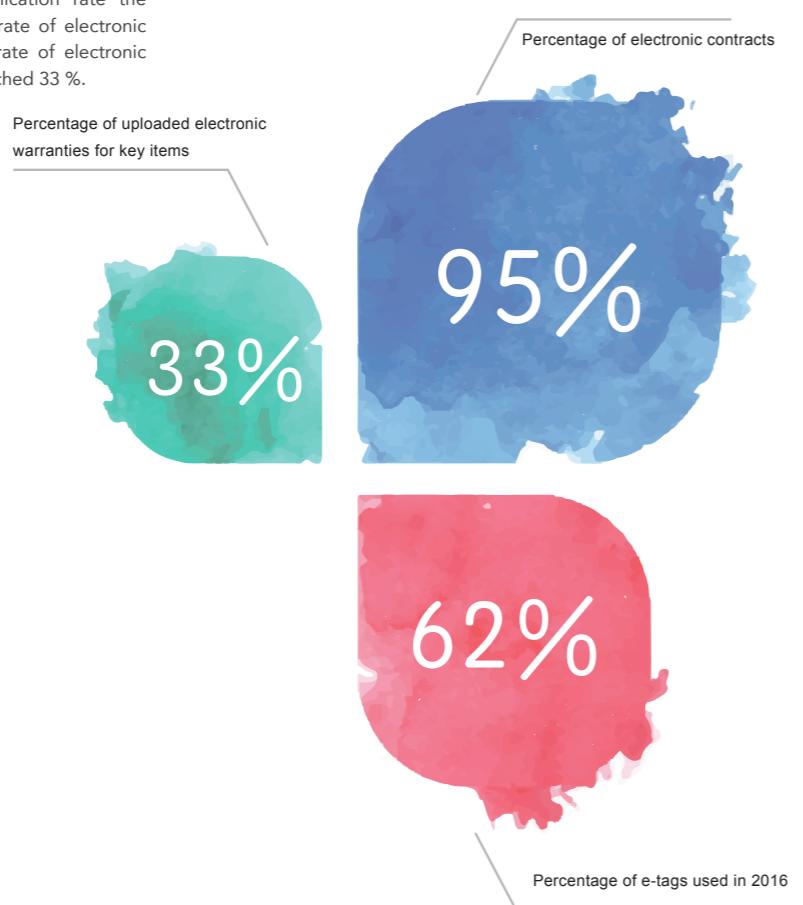
### Procurement of green products

Baosteel Co., Ltd. launched identification of green products of subsidiary steel manufacturers and the information of identified green products could be enquired on the green procurement website of "Baowu's E-commerce Procurement Platform" (<http://eps.baosteel.net.cn>). In 2016, the percentage of green procurement of the materials and spare parts of the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel was 5.5 %.



## Application of Information Technology in Procurement

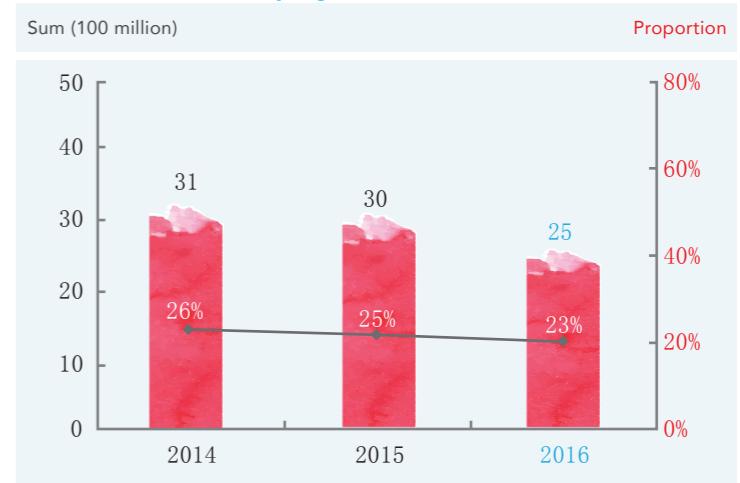
As planned, the upgrading and improvement of the information technology system of procurement and supply was launched in 2016. The latest information technologies would be utilized for the new system to meet new requirements of procurement management and support the smart manufacturing of the company. Besides, for procurement of materials and spare parts of Baosteel Co., Ltd., the suppliers' electronic collaborative application was further promoted: the application rate the electronic labels in 2016 reached 62 %, the rate of electronic contracts reached 95 % and the uploading rate of electronic letters of quality warranty for key products reached 33 %.



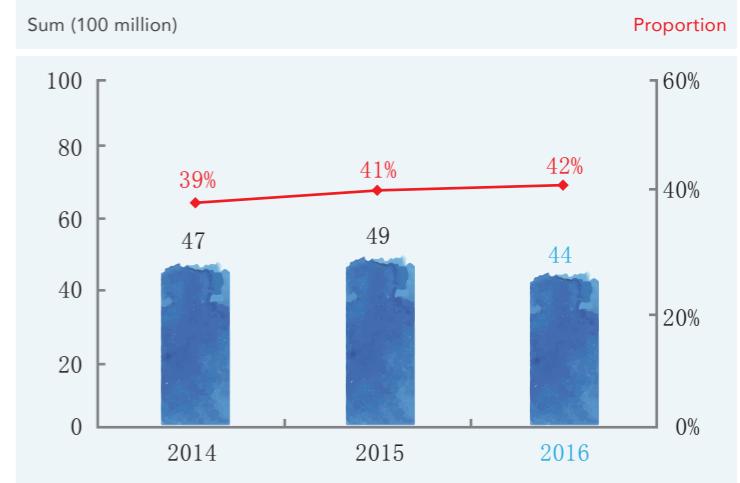
## Procurement from SMEs and Local Procurement

The actual statistics of the materials & spare parts procured by the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from SMEs in the past three years was shown in the following figure. (In accordance with the "Classification Standard for Small- and Medium-sized Enterprises" (MIIT et al, Enterprise [2011] No. 300), SME suppliers are defined as an enterprise with a registered capital of not more than RMB 10 million.)

**Actual Statistics of Materials & Spare Parts Procured by Headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from SMEs**



**Actual Statistics of Materials & Spare Parts Procured by Headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from Local Enterprises**



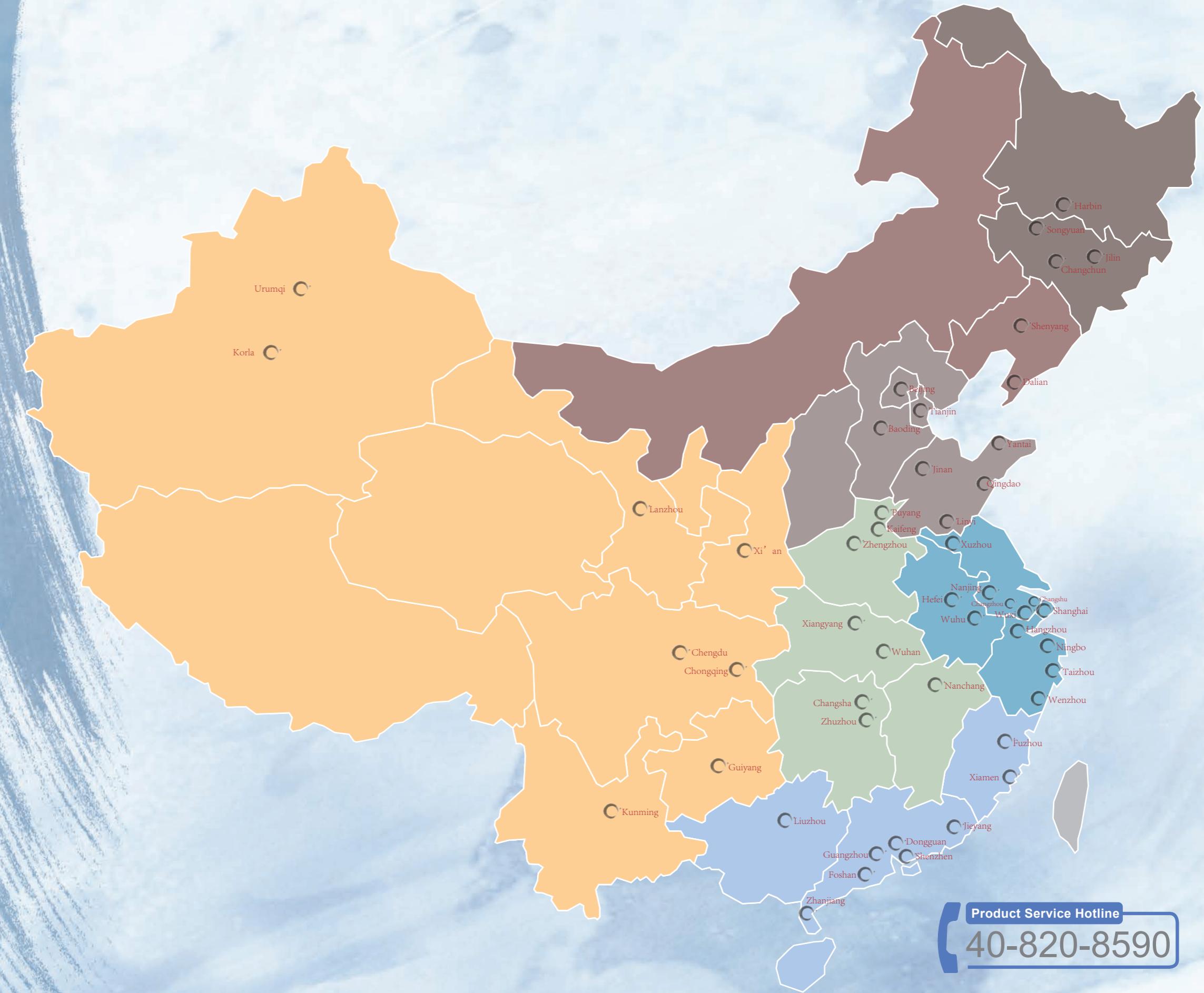
The actual statistics of materials & spare parts procured by the headquarters of Baosteel Co., Ltd. and Zhanjiang Iron & Steel from local enterprises in the past three years are shown in the following figure (for the headquarters of Baosteel Co., Ltd., local procurement refers to the procurement from the enterprises registered in Shanghai, and for Zhanjiang Iron & Steel, local procurement refers to the procurement from the enterprises registered in Guangdong Province).

To constantly enhance communication and cooperation with the local suppliers and customers, WISCO emphasizes cooperation featured by mutual benefit and win-win situation with local suppliers and gave priority to procurement of the products of enterprises in Hubei Province to respond to the call of Hubei Government. Taking into consideration status of local resources and characteristics and advantages of enterprise in its major operating regions, WISCO strives to develop a stable long-term cooperative relationship featured by mutual benefit and win-win situation. For domestic mines, the rate of procurement within Hubei reached 98 %.

AkzoNobel Coatings (Jiaxing) Co., Ltd. (hereinafter referred to as AkzoNobel ) was formerly a major partner supplier of coil coatings of Baosteel Co., Ltd., which lost the tendering in 2011 and stopped to supply major products to Baosteel. In 2016, AkzoNobel won the tendering with competitive prices, but the requirements and methods on quality management of Baosteel Co., Ltd. coil coatings had changed greatly and AkzoNobel could hardly meet such requirements. In such case, the procurement team of Baosteel Co., Ltd. carried out an on-site review over AkzoNobel and organized a "symposium on supplier's improvement of management and enhancement of quality capability" to help AkzoNobel analyze and solve problems. In accordance with procurement requirements of Baosteel Co., Ltd., the company formulated "Table of Implementation of Corrective and Preventive Actions", "Report on 5D Improvement", "Action Plan for Improvement of Capacity of Quality Management". According to rectification plans of AkzoNobel, procurement team of Baosteel Co., Ltd. conducted on-site follow-up verification and verified that the capacity of quality management of AkzoNobel was enhanced.

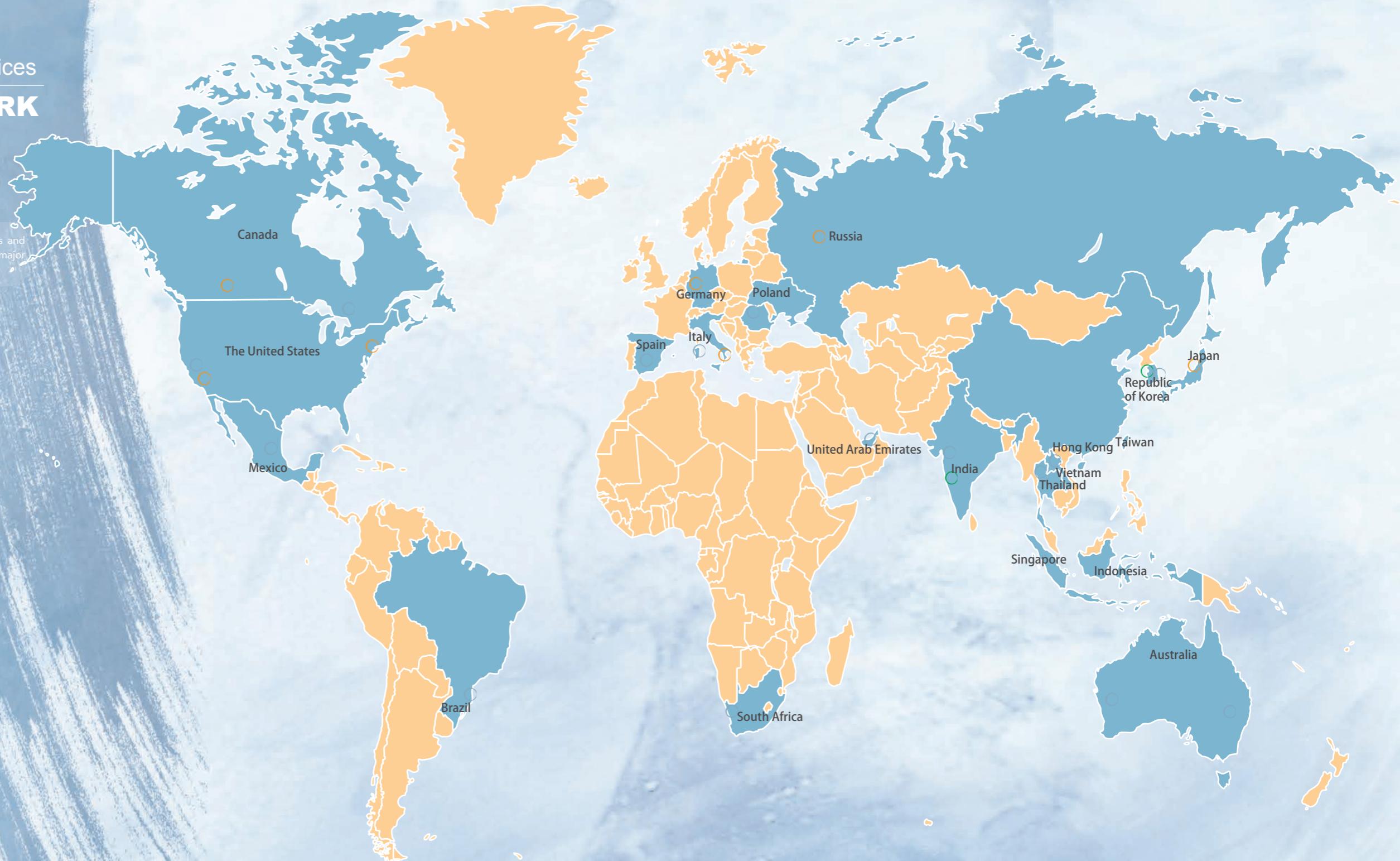
Value Creation Through Services  
**DOMESTIC NETWORK LAYOUT**

Baowu Group has set up 137 marketing outlets in 51 large- and medium-sized cities in China, which provides personalized service for most key users and effective support for multiple-base development layout of strategic users.



Value Creation Through Services  
**OVERSEAS NETWORK LAYOUT**

Baowu Group has set up 36 service outlets in 21 countries and regions, with its overseas service network extended to all major regions in the world.



## Service Innovation



In 2016, to realize the strategic goal of "from manufacturing to service", the Corporation continued to refine construction of the service system by carrying out service qualification certification and conducting overall planning and promotion of smart services such as automatic inquiry reply and on-line response to objections to products. Based on the "client-centered" operating concept and the differential competitive strategy, the Corporation actively explored and pushed EVI of different industries including 57 EVI projects covering automobile, home appliances and electronics, power transmission and distribution, metal packaging and containers, engineering/machinery and construction, and energy and transportation.

Besides, in order to rapidly respond to customer needs and drive departments of research and development, manufacturing and production to constantly improve product and service quality, the Corporation further strengthened information tracking and management of customer complaints, and improved channel departments' management of information collecting and transmission to timely understand market dynamics and customers' requirements for new products.

In 2016, a total of 1,132 persons of the marketing system of Baosteel Co., Ltd. took part in the preliminary certification of technical service and 914 passed with a passing rate of 81 % and 43 people participated in the intermediate certification and 14 passed. And by constantly optimizing the training content and evaluation mode, on-line testing and remote supervising have basically achieved, which further lowers costs and improves the

## Customer Service Tools

### Customer satisfaction survey

The score of comprehensive assessment of domestic customer satisfaction in 2016 was satisfactory, with an annual average of 91.6.

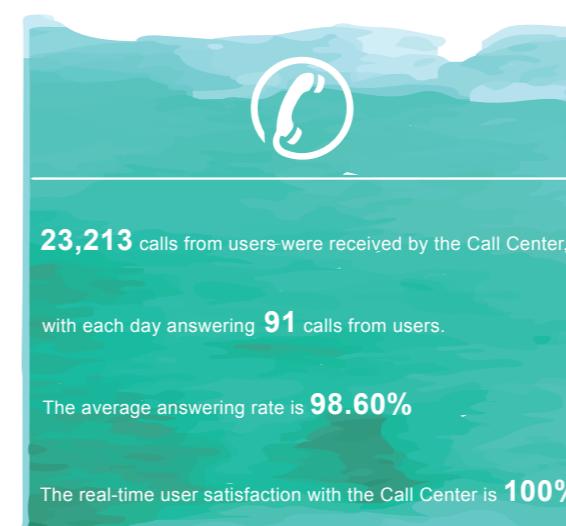
	Target	Annual Actual	Q1 Actual Performance	Q2 Actual Performance	Q3 Actual Performance	Q4 Actual Performance
2014	91	91.7	91.5	91.2	92.3	91.8
2015	91	92.2	92.4	92.6	91.9	91.8
2016	91	91.6	91.7	91.5	91.2	92.0

Note: The data are from Baosteel Co., Ltd. only.

### Customer service hotline

To improve functions and image of the call center and ensure implementation of the work specified in its optimization construction plan, the Corporation gradually refined continuous attention and close-loop management of the tracking issues. By using a variety of means of reception including phone call, e-mail, fax, message leaving and text message, the call center provided multi-channel, professional and one-stop services for the customers.

In 2016, the call center hotline received 23,213 calls in 254 working days, that was 91 calls for each day, with an access rate of 98.60 %; and the real-time satisfaction rate was 100 %.



### Customer representative system

In order to adapt to the adjustment to the key service objects, the stationing program of customer representatives was further optimized, the customer representative service objects of the headquarters were increased to 313 from 299 in 2015, with an increase of 14. Besides, representatives of retired customers were supplemented and representatives of customers of Meishan Steel were increased. With average service time of each customer representative in 2016 being 205 days, service frequency and strength for key customers were further increased. And modern information technologies and traditional technical service were combined perfectly through the Internet. Mobile apps provided smart service support for front-line customer representatives, such as convenient understanding of customer business status, response to customers' inquiries and instant business treatment, which improved the working efficiency of customer representatives in an all-round way.

### Constantly refining user visiting management

Baosteel continuously conducted multi-dimensional visits to and exchanges with users at different levels, which achieved good effect on promoting the exchanges and cooperation between Baosteel and its users, complemented each other's advantages and deepened the strategic partnership. As for the user visit management, various management measures including system reminding were taken to strengthen the track and control of the visit plan, which timely promoted the relevant departments to carry out visits as scheduled. In 2016, the Baosteel visited users for 2,885 times, with a completion rate of 100 % of the plan.



### Refining the "three-in-one" service network

WISCO, by regions, varieties, structure and characteristics, established 66 service teams around customer managers, recruited 86 customer engineers, and dispatched 58 overseas customer representatives for technical service covering 294 key and strategic users of automobile, home appliances, electrical machinery, construction and machinery. And the objective of service and performance creation for each user was defined and the 2016 Table for Docking of "Three-in-one" Service Network formulated by WISCO was distributed to product sales departments, regional companies and relevant departments and units of WISCO for implementation. Reviews on performance of the "three-in-one" service network were conducted on a quarterly basis to confirm docking of the team members. WISCO tried to enhance capacity of the service team by carrying out trainings to cultivate customer representatives to be an expert in one thing and good at many so as to develop all-type customer representatives.

### Protection of customer information

The information system of WISCO is capable of granting classified authorization of customer information. The system sorts out customer information use process, defines the limit of authority in data use in various parts, grants classified authorization of different types of customer information based on the minimization principle of "necessary to know", and "Operating Manual for the Posts with Marketing Contract Management Risks" was formulated, for comprehensive risk investigation and real-time monitoring from three aspects of contract, finance and logistics respectively.

## Customer Recognition

Award-granting Unit	Award	Award Winner	
Shanghai General Motors	Outstanding Supplier of 2016 (2 consecutive years)	Wuhan Iron and Steel Company Limited	<b>Baosteel Stainless Steel Creates Value for BSH</b>  As one of the world's leading companies in the sector and the largest home appliance manufacturer in Europe, BSH Hausgeräte GmbH has a great popularity and extremely strong trade representativeness and is quite demanding on raw materials. Due to shut-down of SKS, materials quality on the market could not meet needs of BSH and it was faced with shortage of supply channels and plant shutdown. Hearing the news, Ningbo Baoxin Stainless Steel Co., Ltd., which was affiliated to Baosteel Stainless Steel, actively provided technical services for BSH after overcoming difficulties.
	Service Innovation Leading Award	WISCO	
GM Korea	Supplier Recognition of 2016	Baosteel Co., Ltd.	
JAC	Excellent Supplier of 2016	Baosteel Co., Ltd.	
JIANGLING MOTORS CO.,LTD.	Excellent Supplier (16 consecutive years)	Baosteel Co., Ltd.	
Dongfeng Motor Parts and Components (Group) Corporation	Strategic Supplier	Baosteel Co., Ltd.	
Jiaxipera	Best Strategic Supplier	Baosteel Co., Ltd.	
Embraco	Outstanding Supplier	Baosteel Co., Ltd.	
Dongfeng Honda	Excellent Environmental Supplier	Baosteel Co., Ltd.	
Haima Automobile	Excellent Supplier of 2016	Baosteel Co., Ltd.	
JMCG	Excellent Supplier	Baosteel Co., Ltd.	
Changan Ford	Best Strategic Partner	Baosteel Co., Ltd.	
GAC MOTOR	Excellent Supplier	Baosteel Co., Ltd.	<b>Baosteel Special Steel extends full support for China's space industry</b>  On Nov. 3, 2016, China's first heavy-lift spacecraft launcher, Long March 5 carrier rocket, was launched successfully. On Nov. 8, China Aerospace Science and Technology Corporation (CASC) sent a thank-you letter to express its sincere appreciation and high respect for Baosteel Special Steel for its great contribution and support to research of Long March 5 carrier rocket and development of China's space industry. CASC spoke highly of Baosteel Special Steel on its efforts in providing stainless steel, high temperature alloy and other materials for Long March 5 carrier rocket as scheduled with high quality and right quantity. Baosteel Special Steel implemented the innovation-driven development strategy and the military-civilian integration strategy with practical actions and made great contributions to successful research and maiden flight of Long March 5 carrier rocket. The Long March 5 carrier rocket would undertake missions of launching key and special projects such as the Phase III of Lunar Exploration Program, launching of engineering space station of the manned space station and Mars exploration. China would also carry out research of heavy-lift carrier rockets. CASC hoped to further deepen the cooperative relationship with Baosteel Special Steel and continuously make new achievements in the space industry.
Dongfeng Liuzhou Motor Co., Ltd.	Excellent Supplier	Baosteel Co., Ltd.	
FAW-Volkswagen	Best Supplier	Baosteel Co., Ltd.	
TBEA Shenyang Transformer	Excellent Supplier	Baosteel Co., Ltd.	
FAW Car	Top Ten Suppliers	Baosteel Co., Ltd.	
Yanfeng Adient Seating Co., Ltd.	Technology Innovation Award	Baosteel Co., Ltd.	
Changan Mazda	Excellent Supplier	Baosteel Co., Ltd.	
GAC TOYOTA	Excellent Quality Award	Baosteel Co., Ltd.	
Headquarters of Toyota	Regional Contribution Award	Baosteel Co., Ltd.	<b>Persistence of "Diamond Supplier"</b>  Sany Heavy Industry Co., Ltd., one of the leading equipment manufacturers in the world; In 2011, Sany granted the highest honor of "Diamond Supplier" to WISCO; In 2013, procurement of special steel from WISCO accounted for 35.8 % of the total of Sany ; In 2014, the proportion increased to 41.9 %; From Jan. to Jul. 2015, it reached 53.5 %.
Yutong Bus	Excellent Supplier	Baosteel Co., Ltd.	
Changan Suzuki	Strategic Partner Award	Baosteel Co., Ltd.	
Changan Automobile	Coordinative Contribution Award	Baosteel Co., Ltd.	
Command of Shanghai-Nantong Yangtze River Bridge Construction	Excellent Supplier of Second Half of 2015	Wuhan Iron and Steel Company Limited	
ZTT	Strategic Partner of 2015	Wuhan Iron and Steel Company Limited	
Caterpillar	Qualified Supplier	Wuhan Iron and Steel Company Limited	
First Division, Mahle China	Excellent Supplier of 2015	Baosteel Special Steel	
Eaton Corporation	Excellent Supplier	Baosteel Special Steel	
COFCO Coca-Cola Beverages Ltd.	Best Supplier of 2015	Foshan Baosteel Can Making	
Schaeffler (China) Co., Ltd.	Excellent Supplier of 2015	Baosteel Gases	

## Appendix

### Highlights 2016

#### Major Awards

- Baosteel was granted by the State-owned Assets Supervision and Administration Commission of the State Council the title of "Excellent Enterprise for Energy-saving and Emission-reducing".
- The "Integrated R&D of Product, Process and Equipment of Thin-strip Continuous Casting and Rolling" achievement won the grand prize of Metallurgical Science and Technology Progress Awards and the "Development of Ultrahigh Anti-torque and Anti-sulfur Drill Pipe Product" achievement won the first prize of Metallurgical Scientific and Technology Progress Awards.
- Baosteel became one of the first batch of "Pilot Enterprises of Top 100 Projects of Innovative Enterprises" launched by the NDRC and was rated as "2013-2015 Excellent Enterprise for Scientific and Technological Innovation" by the State-owned Assets Supervision and Administration Commission of the State Council.
- Baosteel Co., Ltd. became the only steel enterprise winning the honor of "Green Model Enterprise" of vehicle-use materials granted by China Automobile Technology & Research Center.
- Baowu Group attended the 9th International Inventions Exhibition with a total of 135 projects winning 23 gold awards, 30 silver awards and 33 bronze awards, becoming the enterprise winning most awards of all delegations.
- Clarivate Analytics, one of the most influential smart information service institutions in the world, for the first time released the list of "2016 Top 100 Innovative Enterprises in China's Mainland" and the former Baosteel Group and WISCO were listed.
- At the "Second Youth Metallurgy Innovation & Creation Competition", 41 projects won prizes. Of them, the "Environmental-friendly Technology for Treatment of Hard Facing of Tubing or Casing with Premium Thread" developed by the Sun Jian'an-led team of the Central Research Institute and the "Application of the 'Three-in-one' Inspection System for Heavy Rail" developed by the Li Jixu-led team of the Quality Inspection Center of Wuhan Iron and Steel Company Limited won the special prize.
- Baosteel Co., Ltd. won Organization Award for Promotion of Energy Management Contracting of Shanghai.
- Wuhan Iron and Steel Company Limited was rated as "Honest Enterprise for Environment Protection" by Hubei Province.
- Baosteel Co., Ltd. won the "Outstanding Enterprise Award" at the Second China (Shanghai) Listed Companies' Social Responsibility Summit.
- Baosteel Co., Ltd. won the title of "National Advanced Unit in Greening".
- The "Metal-processing Enterprises' Application and Innovation of Amoeba Management Mode" achievement of Baosteel Metal won the second prize for national innovative achievements for enterprise management modernization issued by the National Committee for Review and Approval of Innovation Achievements in Enterprise Management Modernization and the first prize for innovative achievements of enterprise management modernization of Shanghai issued by Shanghai Municipal Committee for Review and Approval of Innovation Achievements in Enterprise Management Modernization.
- Hwabao Trust won two grand prizes of "Excellent Portfolio Investment Fund Trust Plan" and "Excellent Securities Investment Trust Plan" at the Ninth China Excellent Trust Companies Selection.
- Baosteel Group Finance Co., Ltd. and Wuhan Iron & Steel Group Finance Co., Ltd. respectively won titles of "Most Innovative Finance Company" and "Best Finance Company" in the ninth "China Financial Institutions Gold Medal List".



### Chronicle of Events

#### JANUARY

- On January 4, Baosteel held a safety and environmental protection work meeting, at which Baosteel summarized the work of 2015, deployed key tasks of 2016 and signed target pledge of safe production and target pledge of energy saving and environmental protection.
- On January 8, WISCO held 2016 mobilization meeting on safety and fireproof.
- On January 11, the 2016 (extended) director meeting of China Iron & Steel Association was held in Beijing. Ma Guoqiang, WISCO Chairman and Secretary of the CPC WISCO Committee, was appointed as President of China Iron & Steel Industry Association.
- On January 12, Human Resources Service Center of WISCO was established.
- On January 20, Baosteel held the 2016 Work Meeting & the Fourth Meeting of the Third Staff Congress to summarize the achievements and shortcomings on production and operation, reform deepening and transformative development in 2015 and deploy the key work of 2016.
- On January 21, WISCO held the Third Meeting of the Thirteenth Staff Congress & Work Meeting. Ma Guoqiang, WISCO Chairman and Secretary of the CPC WISCO Committee, attended the meeting and gave a speech. Hu Wangming, Deputy President of WISCO, made an administrative report entitled "Comprehensively Deepening Reforms, Accelerating Adjustment and Transformation, and Resolutely Winning the Critical Battle of Turning Loss into Profits and Increasing Benefit".
- On January 21, WISCO held the 2015 "Three Civilizations" Commendation Meeting.
- On January 21 and 22, the 4th special inspection group of the State Council for the state-owned enterprise reforms visited Baosteel and carried out special inspection on Baosteel's implementation of reform deepening.
- On January 27, Baosteel issued a document declaring that Chen Ying was removed from the post of vice president of Baosteel.
- On January 27, WISCO held the 2016 Working Meeting on Construction of the Party's Work Style and Anti-corruption Campaign.
- On January 28, Baosteel held the 2015 Baosteel Persons of the Year Awarding Ceremony to commend the units or individuals winning honors or titles including National Model Workers, Baosteel "Zengle Award", Baosteel Technology Innovation Award, Baosteel "Golden Bull Award", Baosteel "Silver Bull Award" and "the Most Beautiful Baosteel People".
- On January 29, Baosteel held the 2016 Work Meeting on Construction of the Party's Work Style and Anti-corruption Campaign with the requirements to earnestly perform various tasks for comprehensively tightening Party disciplines and rules of the Party by implementing the work for constructing Party's work style and anti-corruption campaign so as to supervise, promote and provide powerful guarantee for reform, development and stability of Baosteel.
- On January 30, Baosteel held the Party Committee Center Group (Extended) Study Conference to convey and implement the spirit of the Central Economic Work Meeting (Central Urban Work Meeting), the Meeting of CSEOs Responsible Persons, the Sixth Plenary Session of the 18th CPC Central Commission for Discipline Inspection, CSEOs Publicity and Ideology Work Meeting, National Meeting of Directors of the CPC Organization Departments and Meeting of Heads of the CPC United Front Work Departments.

#### FEBRUARY

- On February 1, Standard & Poor's downgraded the credit rating of Baosteel from A- to BBB+ and gave a stable outlook.
- On February 3 and 4, Baosteel held the 2016 Symposium on Overseas Development to deploy overseas work of 2016.
- On February 4, Baosteel signed "Strategic Cooperation Framework Agreement on the Overall Transformation of the Land Parcel of Baosteel Special Steel" with Baoshan District and Wesocool Innovation Park was established at the same time.
- On February 5, Baosteel published the "Implementation Opinions of Baosteel on Deepening Reforms", specifying its targets for deepening reforms: to vitalize the whole enterprise and enhance the capacity of resources allocation and value creation; while making the steel main business become stronger, to speed up development of diversified industries and capital investment business and to promote subsidiaries in mutual compensation of advantages and synergistic development so as to realize the development strategy of "one body two wings".
- On February 23, Baosteel held the 2016 Work Reporting and Appraising Meeting. Party and administrative responsible persons of all subsidiaries gave on-site reports on completion of work by comparing the business performance indexes and key work plans of 2015, and put forward the business performance indexes, quantized challenging indexes and key work projects of 2016.
- On February 24, a group led by Li Bing, Director of Restructuring Bureau of the SASAC of the State Council went to WISCO for a survey.
- In February, the "A Cold-rolled Hot-dip Galvanized Dual Phase Steel and Its Manufacturing Method" and "High-strength Cold-formed Hot-rolled Steel Sheet and Manufacturing Methods" achievements developed by Baosteel won the 17th Chinese Excellent Patent Award.

#### MARCH

- On March 10, Ma Guoqiang, President of China Iron & Steel Association, WISCO Chairman and Secretary of the CPC WISCO Committee, received the special interview entitled "Dialogue with New State-owned Enterprises & Support the 13th Five-year Plan" co-hosted by bbs.people.com.cn and Publicity Department of the SASAC of the State Council in Beijing.
- On March 16, a group led by Gao Fengtao, Chairman of Supervisory Committee for Key Large State-Owned Enterprises of the SASAC of the State Council went to WISCO for a survey.
- On March 18, the ceremony for the opening of construction of the project of Baosteel Huangshi Xin'gang Industrial Park was held at Xin'gang Port, Huangshi City, Hubei Province.
- On March 19, the 2016 large-scale job fair entitled "Providing Inclusive Services for Enterprises & Promoting Transformative Development of WISCO" hosted by All Wuhan Federation of Trade Unions and Wuhan Municipal Human Resources and Social Security Bureau and undertaken by WISCO was held at WISCO Sports Center.

## MARCH

- On March 23, Baosteel signed the "Baosteel-Australia Joint R&D Center Phase II Cooperation Agreement" with The University of Queensland, UNSW Sydney, Monash University and University of Wollongong.
- On March 24, a contract-signing ceremony for the B-Link-Shanghai "Internet+" Industrial Park was held in Baosteel Tower.
- On March 24, a group led by Edwin Basson, Director-General of Worldsteel Association, went to WISCO for a survey.
- On March 30, 2030 Cold Rolling Mill production line of Zhanjiang Iron & Steel was fully completed and began hot load test.
- On the same day, Ouyeel International Co., Ltd. was inaugurated.
- On the same day, a group led by Wang Guosheng, Governor of Hubei Province, went to WISCO for a survey.

## APRIL

- On April 11, Baosteel issued the "Regulations for Transfer of Non-equity Assets" and "Regulations for Transfer of State-owned Assets".
- On April 18, at the 2015 Shanghai Science and Technology Awarding Meeting, the "DCR Products and Core Technologies Research" project developed by the team led by Ban Bijun, Principal Engineer of Manufacturing Department of Baosteel Co., Ltd., won the first prize of 2015 Shanghai Science and Technology Progress Award; the "Development and Engineering Application of Nuclear Power Plant Containment-use AP1000 High-strength Quenched Steel Plate SA738Gr.B" project of the team led by Zhang Hanqian, Leading Researcher of Baosteel Central Research Institute, won the second prize of 2015 Shanghai Science and Technology Progress Award; the "CT80-CT100 Coil for Continuous Oil Tubes" of the team led by Zhang Chuanguo, Chief Researcher of Baosteel Central Research Institute, won the third prize of 2015 Shanghai Science and Technology Progress Award; the "Research and Application of Cold-rolled, High-strength and Thin-strip Welding Technology and Equipment" conducted by Chen Jie, Chief Inspector of Cold Rolling Mill of Baosteel Co., Ltd. won the second prize (Group of Workers and Peasants) of 2015 Shanghai Science and Technology Progress Award.
- On the same day, Baosteel and FAW Group held a signing ceremony for strategic cooperation framework agreement in Baosteel Tower.
- On April 27, Baosteel held a communication meeting of advanced and model employees for May Day celebration to commend individuals and units winning the May Day serial awards.
- On the same day, WISCO and Wuhan Railway Bureau held a contract-signing ceremony for strategic cooperation.
- In the same month, the Phase-II project of the rooftop photovoltaic electricity generation of Baosteel Co., Ltd. was connected to the grid and began to generate power.

## MAY

- On May 3, the 17th Baosteel-China Steel Corp. Taiwan ("China Steel Corp." based in Taiwan, China) science and technology exchange activities were held at Baosteel. During the exchange, the delegation of China Steel Corp. Taiwan visited ironworks and steel works of Baosteel Co., Ltd., Ouyeel Cloud Commerce and Zhanjiang Iron & Steel for a survey.
- On May 4, Baosteel issued a document and declared to set up Steel and Related Manufacturing Sector Development Sector, Steel and Related Service Sector Development Center, and Industry Chain Finance Development Center, the Real Estate Management Center was renamed as "Real Estate and Urban New Industry Development Center"; and some functional departments of the headquarters were adjusted.
- On the same day, Baosteel issued a document and declared to establish Baosteel Design Institute and the institute adopted the operating mode of one identical institution under two different names with Baosteel Engineering and Technology Group Co., Ltd.; and the Economic Management Institute was renamed "Economics and Planning Institute".
- On May 5, No. 3 rotary furnace of Zhanjiang Iron & Steel carried out hot load test.
- On May 6, No. 2 RH refining furnace of Zhanjiang Iron & Steel carried out hot load test.
- On May 15, Zhanjiang Iron & Steel carried out hot load test for 2,300-mm continuous caster, forming a manufacturing layout with three 350-ton converters, one LF refining furnace, two RH refining furnaces, two LATS refining furnaces, two 2,150-mm continuous casters and one 2,300-mm continuous caster.
- On May 17, the Party Committee of the SASAC of the State Council issued a document declaring that Chen Derong was appointed as Vice Secretary of the CPC Baosteel Committee.
- On May 20, the 16th WISCO Staff Skills Sports Meeting was opened at WISCO University.
- On May 23, Li Keqiang, a member of the Standing Committee of the Political Bureau of the CPC Central Committee and Premier of the State Council, went to No. 2 Branch of the General Steelmaking Plant and No. 4 Branch of Silicon Steel Business Division of Wuhan Iron and Steel Company Limited for a survey and presided over a symposium in the computer building in front of the plant.
- On May 24, the first 840,000 KVA/500 KV main transformer manufactured with high magnetic induction grain-oriented silicon steel of Baosteel at the underground power plant of the Three Gorges Hydro Project was formally connected to the grid and began operation.
- On May 25, a group led by Jiang Zhuoqing, Vice Mayor of Shanghai, went to Baosteel for a survey and carried out a field investigation on the air pollution prevention of Baosteel, key preparatory work of management and control for G20 summit, and the environmental protection measure of structural adjustment of some production lines of Baosteel Stainless Steel.
- On May 29, at the summarization and commendation meeting of the 28th Shanghai Excellent Invention Qualification Trial, Baosteel was awarded 31 excellent invention awards, including 5 gold awards, 12 silver awards and 14 bronze awards, and also won 69 prizes of Workers Technology

## MAY

- Innovation Achievement Award, including 2 gold awards, 5 silver awards, 22 bronze awards and 39 finalist awards, making Baosteel the enterprise winning the most awards.
- In May, DNV GL (Norwegian Classification Society & German Lloyd's Register of Shipping) granted Baosteel certification of subsea pipeline manufacturing and coating, making Baosteel the only steel enterprise winning the certificate in China. With the certificate, Baosteel became qualified to participate in bidding of international large-scale subsea pipeline projects.

## JUNE

- On June 6, Baosteel issued its "2015 Sustainability Report".
- On June 13, with witness of Li Keqiang, Premier of the State Council of the PRC, and German Chancellor Angela Merkel, Baosteel President Chen Derong and SA Kay, President and CEO of Siemens signed the "Baosteel-Siemens Strategic Agreement on Smart Manufacturing (Industry 4.0)" in Beijing.
- On June 15, Baosteel signed a strategic cooperation agreement with China Construction Bank. According to the agreement, both parties will cooperate in terms of design of integrated supply chain financing scheme, asset securitization and trust wealth management.
- On June 16, a group led by Zhao Mingji, Assistant to Minister of Finance, visited WISCO.
- On the same day, Wuhan Iron and Steel Company Limited held the 2015 Annual General Meeting of Stockholders.
- On June 20, the 2,500-m<sup>3</sup> Blast Furnace and carbon steel-related production lines of Baosteel Stainless were shut down.
- On the same day, Baosteel Co., Ltd. held contract-signing and license-granting ceremony for the third round of "Golden Apple" Initiative.
- On June 24, Baosteel held the Party Committee Plenary Session (Extended). At the meeting, the resolution on change of the Secretary of the CPC Commission for Discipline Inspection of Baosteel was announced. The Party Committee of the SASAC decided upon deliberation to appoint Zhang Keqin as a Member of the CPC Standing Committee and Secretary of the CPC Commission for Discipline Inspection of Baosteel and relieve Liu Zhanqing the post of a Member of the CPC Standing Committee and Secretary of the CPC Commission for Discipline Inspection of Baosteel to retire.
- On June 28, Wesocool Innovation Park Co., Ltd. was established and started running.
- On June 30, WISCO held the 92th Anniversary Meeting of the CPC & "Two Studies and One Action" Special Party Lecture. Ma Guoqiang, WISCO Chairman and Secretary of the CPC WISCO Committee, gave a speech and a "Two Studies and One Action" special lecture.

## JULY

- On July 7, WISCO held a mobilization meeting on flood prevention, drainage and production protection.
- On July 15, Zhanjiang Iron & Steel witnessed the successful ignition of its No. 2 Blast Furnace, marking the full completion of the Phase-I project of Zhanjiang Iron & Steel and a new phase of its production and operations.
- On July 18, Baosteel Xinyue Human Resources Service Co., Ltd. was inaugurated. The company, established with joint investment of Baosteel and Baosight Software, is a comprehensive service provider of optimized solutions and matching services of outsourcing human resources and related industries. Its precursor was the Human Resources Service Center of Baosteel.
- On July 20, the Fortune released its ranking list of "Global 500". With sales revenue of USD 36.6079 billion and net profit of USD 398.5 million, Baosteel ranked 275th, which had been included in the list for 13 consecutive years.
- On July 20, Ying Yong, Vice Secretary of the CPC Shanghai Committee, went to Baosteel for a survey.
- On July 25, the coated steel unit of Baosteel Co., Ltd. was completed and put into operation. It was the first high-end coated steel unit in China, which filled the gap of Baosteel in the high-end field of tinning products and realized all-type coverage of tinning products.
- On July 29, Baosteel issued its "2015 Corporate Social Responsibility Report".
- In July, pilot work of CSOs reforms was carried out in an all-round manner and Baosteel became one of the first pilot enterprises for state-owned capital investment.

## AUGUST

- On August 1, Yang Qianwei and Liao Shengxing among the fifth batch of Tibet-aiding cadres and Huang Daofeng among the first batch of Qinghai-aiding cadres returned to Baosteel after completing their mission.
- On August 3, Chen Yin, Vice Mayor of Shanghai, went to Baosteel Co., Ltd. for an on-site survey of its raw material yard closed transformation project and facilities for air controlling of the No. 4 Sintering Plant.
- On August 8, Symposium on the Work of Secretary Group Contact Units of the Leading Group for Party Building of the CPC Central Committee & Subject Research Achievements Exchange was held at WISCO Hotel. Tian Peiyang, Director of the Secretary Group of the Leading Group for Party Building of the CPC Central Committee, presided over the meeting. And leaders present at the meeting also included Liu Qiang, Vice Director of the SASAC of the State Council and a Member of the CPC Committee, Zhou Xinqun, Vice Director of the Secretary Group of the Leading Group for Party Building of the CPC Central Committee, Yao Huan, Vice Director of Party Building Work Bureau of the SASAC of the State Council and Wang Xiaodong, Vice Secretary of the CPC Provincial Committee and Executive Vice Governor of Hubei.

## AUGUST

- On August 10, East Area project of the B•Link•Shanghai "Internet+" Industrial Park was launched.
- On August 18, Baosteel Co., Ltd. won the title of "National Model Unit in Greening". The award as the highest honor for greening in China is appraised and selected every 5 years and the appraisal and its selection was co-organized by National Forestation Commission, Ministry of Human Resources and Social Security of the People's Republic of China and the State Forestry Administration (under the State Council).
- On the same day, Baosteel signed a strategic cooperation agreement with China Business Executives Academy, Dalian, and both parties decided to cooperate in terms of such fields as management personnel training and management research.
- On the same day, the contract-signing ceremony for the cooperation framework agreement between WISCO and China Construction Bank was held.
- On August 23, the meeting on appointment of the board of supervisors to Wuhan Iron and Steel (Group) Corporation by the SASAC was held. Present at the meeting were Guo Yimin, Chairman of the board of supervisors, Vice Director of No. 4 Office Chen Xiaofei and Shi Yingli, and full-time supervisors Jia Hongyu and Peng Lichao of the board of supervisors appointed by the SASAC.
- On August 30, results of the 10th appraisal and selection of "Top 10 Outstanding Youths of Baosteel" were revealed and 10 youth employees including Su Chonggang from Silicon Steel Department of Baosteel Co., Ltd. won the honor.

## SEPTEMBER

- On September 6, the SASAC of the State Council appointed the 6th board of supervisors to Baosteel. It consisted of chairman Zhao Hualin and special supervisors including Wang Jianxiong, Chen Wei, Yang Weiguo and Zhao Shoushan.
- On September 5, Zhao Wen, Vice Mayor of Shanghai went to Baosteel for a special on-site survey on implementation of intellectual property-related work of Baosteel.
- On September 14, the SASAC of the State Council issued the "Circular on Consolidation and Restructuring of Baosteel and Wuhan Iron and Steel (Group) Corporation". According to the circular, former Baosteel Group Corporation and Wuhan Iron & Steel (Group) Corporation was consolidated and restructured upon the approval of the State Council. Baosteel Group Corporation was renamed "China Baowu Steel Group Corporation Limited" (Baowu Group in short), as the parent company after the consolidation and restructuring. Wuhan Iron and Steel (Group) Corporation (WISCO in short) was incorporated as a whole with no cost as a wholly-owned subsidiary of Baowu Group.

## SEPTEMBER

- On September 22, Baosteel Co., Ltd. and Wuhan Iron and Steel Company Limited issued the "Report on Consolidation by Merger" at the same time, declaring that Baosteel Co., Ltd. would issue A-share stocks to all the stock-exchanging holders of Wuhan Iron and Steel Company Limited so as to absorb it in the form of swap of shares. Baosteel Co., Ltd. was the combining party and the surviving party while Wuhan Iron and Steel Company Limited was the combined party and the non-surviving party.
- On September 23, Ouyeel Cloud Commerce, Baoland and ProLogis China signed a strategic cooperation agreement in Shanghai and decided to carry out all-round strategic cooperation in China in multiple modes including strategic investment in capital, joint investment in development of logistic and industrial facilities, assets management and operation and financial business cooperation.

## OCTOBER

- On October 11, the Fortune released its 2016 list of the "Most Admired Chinese Companies". Baosteel ranked 12th, which was the only steel enterprise on the list.
- On October 27, at the "Shanghai Craftsmen" thousand-people initiative promotion meeting, Kong Liming, Wang Kangjian and Wang Jun, skill experts of Baosteel, were honored as "Shanghai Craftsmen" in 2016; Xu Huihua from Baosteel Development, Yang Lei from Baosteel Special Steel and Fang Jie from Baosteel Stainless won the Nomination Award of "Shanghai Craftsmen" in 2016.

- On October 28, the results of the 2016 Metallurgical Science and Technology Progress Award were revealed and 6 Baosteel projects won awards. The "Integrated R&D of Thin-strip Continuous Casting and Rolling Process, Equipment and Control Engineering" achievement won the grand prize of Metallurgical Science and Technology Progress Award, the "Research and Application of Key Technologies of Drill Stems for Ultra-deep and Sophisticated Well" project won first prize, the "R&D and Application of Electromagnetic Stirring Device of Slab Continuous Casting Crystallizer" and "Evaluation Technology and Application of the Safe Service Reliability of Heat-resistant Steel under High Temperature" projects won the second prize, and the "Development and Application of the Independent Integration of Special-line Continuous Casters" and "Integrated Maintenance Technology for Heavy Plate Rolling Mill Rack Roller" projects won the third prize.

- On the same day, Baosteel Co., Ltd. held the Third Interim General Meeting of Stockholders, at which the scheme of absorption of Wuhan Iron and Steel Company Limited by Baosteel Co., Ltd. through stock swap. Baosteel Co., Ltd. planned to issue A-share stocks to all the stock-exchanging holders of Wuhan Iron and Steel Company Limited so as to absorb it through stock swap; and Baosteel Co., Ltd. was the combining party and the surviving party while Wuhan Iron and Steel Company Limited was the combined party and the non-surviving party.
- On the same day, the opening ceremony of Wesocool Innovation Park and entry ceremony of enterprises was held and 20 enterprises and projects declared to enter the park.

## OCTOBER

- On October 30, at the 10th National Member Representatives Congress of the Chinese Society for Metals (CSM) & Commendation Meeting, Li Ming, former Chairman of Baosteel won the "Metallurgical Science and Technology Lifetime Achievement Award of CSM", Baosteel technical experts Li Haiping and Chen Shouqun won "Memorial Service Award of the CSM", Tuo Ximei and Wu Junbing, members of Baosteel Association of Science and Technology, and Dai Yigang from Baosteel Central Research Institute won the title of "Excellent Association Workers of CSM", Fang Yuan from Baosteel Central Research Institute won the title of "Excellent Science and Technology Workers of CSM", Qu Zhaoxia from Baosteel Central Research Institute won the "7th Youth Metallurgical Science and Technology Award of CSM", and Xie Shiqiang from Steel Tube & Bar Steel Business Division of Baosteel Co., Ltd. won the title of "the 7th Youth Metallurgical Science and Technology Worker of CSM". Baosteel and Shaoguan Iron & Steel won the title of "Advanced Collective of CSM".

- On October 31, the Organization Department of the CPC Central Committee declared the decision of the CPC Central Committee and the State Council on appointment of the main leaders of Baowu Group: Ma Guoqiang was appointed as Baowu Chairman and Secretary of the CPC Baowu Committee and was relieved of the post of WISCO Chairman and Secretary of the CPC WISCO Committee synchronously. Chen Derong was appointed as president of Baowu Group and was relieved of the post of president of Baosteel synchronously. Xu Lejiang was relieved of the post of Chairman and Secretary of the CPC Committee of Baosteel. Meanwhile, the CPC Committee of the SASAC decided to appoint Chen Derong as director of the board of directors of Baowu and Vice Secretary of the CPC Baowu Committee.

- On the same day, Baowu Outside Directors Announcement Meeting was held, and Kerwei Pei (Buck), Li Guoan, Shen Xiaowu and Lin Jianqing were appointed as outside directors of Baowu with an employment term from October 2016 to September 2019. And the former outside directors of Baosteel and WISCO were relieved synchronously.

## NOVEMBER

- From November 13 to 15, the Acceptance Inspection Group of the SASAC of the State Council went to Baowu for acceptance inspection of dissolving overcapacity of steel. By November, Baowu completed its mission in 2016 of dissolving overcapacity of steel in advance. Specifically, Baosteel dissolved overcapacity of 5.55 million tons and WISCO 4.42 million tons.

- On November 14, result of the 5th "Baosteel Worker Inventor" appraisal and selection were revealed and 11 employees including Li Huaming were granted the title of "Baosteel Worker Inventor".

- On November 15, the joint vehicle-use stainless steel laboratory initiated by Baosteel Stainless, Pan-Asia Technical Automotive Center Co., Ltd. and Tenneco (Shanghai) Exhaust System Co., Ltd. was unveiled. It was the first joint vehicle-use stainless steel laboratory co-established by a Chinese steel enterprise and auto makers.

## NOVEMBER

- On November 16, Li Jianguo, a member of the Political Bureau of the CPC Central Committee, Vice Chairman of the NPC Standing Committee and Chairman of All-China Federation of Trade Unions, accompanied by Han Zheng, a member of the Political Bureau of the CPC Central Committee and Secretary of the CPC Shanghai Municipal Committee, went to Baowu for a survey.

- On November 17, Shanghai Administration for Industry & Commerce issued the business license of "China Baowu Steel Group Corporation" with an registered address of No. 370 Pudian Road, Shanghai, China and a registered capital of RMB 52.791101 billion.

- On November 18, the seal of "China Baowu Steel Group Corporation" started to be used and that of former "Baosteel Group Corporation" was abolished.

- On November 20, the four-day 9th International Invention Exhibition came to a close at Kunshan International Exhibition Center. Baowu made its appearance at the International Invention Exhibition for the first time. Among the 135 front-line mass technology innovation projects, 23 won gold awards, 30 won silver awards and 33 bronze awards. Baowu won the Excellent Exhibition Unit Award of the 9th International Invention Exhibition.

## DECEMBER

- On December 1, the Inaugurating Meeting of Baowu was held in Baosteel Tower. Han Zheng, a member of the Political Bureau of the CPC Central Committee and Secretary of the CPC Shanghai Municipal Committee, Xiao Yaqing, Director of the SASAC of the State Council and Vice Secretary of the CPC SASAC Committee, Xu Kezhen, Vice Governor of Hubei Province and Ma Guoqiang, Baowu Chairman and Secretary of the CPC Baowu Committee jointly unveiled the nameplate of Baowu.

- On December 9, Baowu held the Trade Union Congress, at which Fu Lianchun was elected as Chairman and a member of the Standing Committee of Baowu Trade Union.

- On December 26, Baowu held its first Technological Innovation Meeting, which defined the key work and right direction for the future technological innovation.

- On December 30, at the "Second Youth Metallurgical Innovation and Creation Competition" hosted by the CSM, the Environmental-friendly Treatment Technology for the Hard Facing of Tubing/Casing with Premium Thread Connections" developed by the team led by Sun Jian'an of Baosteel Central Research Institute and the project of the "Application of 'Three-in-one' Inspection System for Heavy Rail" developed by the team led by Li Jixu of the Quality Inspection Center of Wuhan Iron and Steel Company Limited won the grand prize.

- On the same day, Baowu Group Environmental Resource Technology Development Co., Ltd. was established. It is the first first-tier subsidiary established after foundation of Baowu and directly under its management, and mainly engaged in recycling and utilization of metallurgical solid waste, technical consulting for environment protection, ecological remediation of polluted land and integration of technologies and equipment for environment protection.

## Introduction to Subsidiaries

### Wuhan Iron and Steel (Group) Corporation

WISCO, started construction in 1955 and put into production on Sept. 13, 1958, is the first super-large iron and steel complex established after the founding of the People's Republic of China. On Sept. 22, 2016, former Baosteel Group Corporation and Wuhan Iron & Steel (Group) Corporation was consolidated and restructured into "China Baowu Steel Group Corporation", of which WISCO became a wholly-owned subsidiary. Wuhan Iron and Steel Co., Ltd., the former main body of the steel industry of WISCO, was absorbed by Baosteel Co., Ltd. through stock swap. On March 2, 2017, Wuhan Iron and Steel (Group) Corporation was inaugurated and became one of the manufacturing bases of Baosteel Co., Ltd.

Standing at a new historical juncture, WISCO, under guidance of China Baowu Group Corporation, will rely on the advantageous heritage it has accumulated in the past 60 years. It will grasp such national strategic opportunities as the rising of Central China, Yangtze River Economic Zone and Renaissance of Wuhan, and speed up its strategic transformation so as to build itself into a leading industry operating enterprise with new city and new industrial service as the main business, concentrated advantageous industries, outstanding core competitive industries, a leading position in the industry and great popularity among both employees and the public. By closely adhering to the general policy of "internal focalization and outward development" and making use of Baowu's advantageous resources including funds, technology and brand and platform sharing of supporting service systems, WISCO actively promotes integration of the industry and finance, industry and city and industry and the Internet, innovates industry fostering and development modes and makes efforts to build advantageous industries so as to enable the enterprise to become increasingly powerful, excellent and big through transformative development.

WISCO is now mainly engaged in trade logistics and downstream processing, finance, resource utilization and new materials, urban construction and environmental protection, urban services and iron and steel industry, etc. By aiming at its future development, WISCO actively cultivates newer industries crossing business cycles and accelerates building new industry brands and profit growth points. The first centers it has built include Green Urban Construction, Nanshan Nursing, Yangtze River Water Affairs and Real Estate.

Adhering to principles of "taking customers as the first mission, employees as the first assets and shareholders as the first responsibility", WISCO is committed to building a business mode combining "users, employees and shareholders". Adhering to the workers-oriented concept and honoring value creators, WISCO cares for the employees by motivating employees in work and sparing no efforts to promote common development of employees and the enterprise.

Supported by Baowu, the world-leading flagship steel enterprise, WISCO aspires to make greater achievements in the post-industrial era centered on the service industry.

**Address:** WISCO Office Building, No. 999 Youyi Avenue, Wuhan, Hubei Province  
**Postcode:** 430083  
**Tel.:** 0086-27-86892114  
**Customer Service Tel.:** 0086-27-86898888  
**Website:** [www.wisco.com.cn](http://www.wisco.com.cn)  
**WeChat Official Account:** Happy WISCO



Happy WISCO

### Baosteel Co., Ltd.

Baoshan Iron & Steel Co., Ltd. (hereinafter referred to as Baosteel Co., Ltd.) is a modernized globally leading integrated iron and steel company and the core enterprise of China Baowu Steel Group Corporation Limited, which ranks among Global 500 in Fortune. With "Creation Beyond Vision" as its mission and "to be leader in steel technology, to be the best practitioner of environmental friendliness and to be a model enterprise for common development of employees and the enterprise" as its vision, Baosteel Co., Ltd. is devoted to providing high-quality products and service for customers and creating best value for its shareholders and the society for the joint development with stakeholders.

In February 2000, Baosteel Co., Ltd. was set up solely by Shanghai Baosteel Group Corporation; in December of the same year, Baosteel Co., Ltd. was listed in Shanghai Stock Exchange (stock code: 600019). In November 2016, Zhanjiang Iron & Steel project went into full operation. In February 2017, Baosteel Co., Ltd. merged with Wuhan Iron and Steel Co., Ltd. by absorption. After the merger, Baosteel Co., Ltd. owned main manufacturing bases of Shanghai Baoshan, Wuhan Qingshan, Nanjing Meishan, and Zhanjiang Dongshan. The company ranks 3rd in the crude steel output, 3rd in the automotive sheet output and 1st in the oriented electrical steel production among all the global listed steel companies. Baosteel Co., Ltd. possesses internationally renowned brands, world first-class technology and service ability and is also one of the global steel enterprises with the most complete carbon steel products varieties.

Baosteel Co., Ltd. sticks to the development road of "innovation, coordination, greenness, openness and sharing", attaches great emphasis to cultivating its innovation capacity, comprehensively masters core steel manufacturing technologies, actively develops and applies the advanced technology for energy-conservation and environmental protection, and has established the marketing, processing and service network with nationwide coverage and worldwide involvement, and actively seeks green development and low-carbon solutions for the whole industry chain. Its independently developed new generation high strength automotive steel, oriented silicon steel, high grade steel for household appliances, oil gas pipes, steel for bridge, hot-rolled heavy rail and other high-end products reach the world's advanced level. Since 2002, Baosteel Co., Ltd. has been winning the "National Science and Technology Progress Award" for 14 consecutive years, making it the only Chinese enterprise winning such honor.

Looking into the future, Baosteel Co., Ltd. will continue to focus on the steel main business, expand strenuously smart manufacturing and the steel ecosphere platform services of Ouyeel, intensify five capabilities of "cost reform, technology leadership, service advancement, smart manufacturing and urban steel mill", and strive for realization of its strategic objective to build itself into the most globally competitive steel enterprise and a listed company with the greatest investment value.

**Address:** Baosteel Administrative Center, No. 885 Fujin Road, Baoshan District, Shanghai, China  
**Postcode:** 201900  
**Tel:** 86-21-26647000  
**Website:** [www.baosteel.com](http://www.baosteel.com)  
**Email:** ir@baosteel.com  
**WeChat Official Account:** Baosteel Express; Hi, Baosteel



Baosteel Express



Hi, Baosteel

### Xinjiang BaYi Iron & Steel Co., Ltd.

Xinjiang BaYi Iron & Steel Co., Ltd. was first established in September 1951 by Wang Zhen, a proletarian revolutionary of the older generation, and members of the People's Liberation Army based in Xinjiang and people of all ethnic groups in Xinjiang bearing the spirit of arduous struggle. It was an iron and steel in Xinjiang with the greatest competitiveness. In April, 2007, BaYi Iron & Steel was restructured with Baosteel through capital increase and became a subsidiary held by Baosteel Group. Currently it is a subsidiary of China Baowu Steel Group Corporation. BaYi Iron & Steel now has 19,466 employees. Headquartered in Toutunhe District, Urumqi, BaYi Iron & Steel has an annual steel capacity of 9 million tons and its products include bars, wire rods, sections, medium and heavy plate, hot-rolled thin plate, cold-rolled plate, galvanized steel, color-coated sheets and metal products with over 2,000 specifications.

**Address:** Bayi Road, Toutunhe District, Urumqi City, Xinjiang Uyghur Autonomous Region  
**Postcode:** 830022  
**Tel:** 86-0991-3893018  
**Website:** [www.81steel.com.cn](http://www.81steel.com.cn)

### Guangdong Shaoguan Iron and Steel Co., Ltd

Its predecessor was Guangdong Shaoguan Iron & Steel Group Corporation whose construction was commenced on August 22, 1966. On August 22, 2011, Baosteel signed an agreement on equity transfer with the State-owned Assets Supervision and Administration Commission, the People's Government of Guangdong Province, and 51% of equity of Shaoguan Iron & Steel was directly held by Baosteel on the basis of severing its social functions.

On April 18, 2012, Baosteel Shaoguan Iron & Steel Co., Ltd. was officially established. With an annual steel capacity of 6.5 million tons, Shaoguan Iron & Steel is engaged in the main business of steel and carries out diversified operations covering such lines of business as industry, science and technology and trade. It is a key steel manufacturing base in Guangdong, a high-tech enterprise in China and a key Chinese manufacturer of ship plate steel, high strength steel plate for engineering machinery and hydropower station, steel plate for high buildings, bridge plate, steel plate for boiler and pressurized vessels. Its products including plate, wire rods and quality and special steel bars are mainly sold in regions as the Pearl River Delta and Eastern China and neighboring provinces of Guangdong Province and partly exported.

**Address:** Qujiang District, Shaoguan City, Guangdong Province  
**Postcode:** 512123  
**Tel:** 86-0751-8785789  
**WeChat Official Account:** Our home-Shaoguan Iron & Steel



Our home-Shaoguan Iron & Steel

### Baosteel Stainless Steel Co., Ltd.

Baosteel Stainless Steel Co., Ltd. is a key Chinese stainless steel manufacturing base. It now has three manufacturing bases including the headquarters of Baosteel Stainless, Baosteel Desheng Stainless Steel and Ningbo Baoxin Stainless Steel. It is mainly engaged in production of stainless steel products and has an annual capacity of 2.7 million tons of stainless steel and 2.25 million tons of carbon steel. Its major stainless steel products include hot-rolled stainless steel coils, cold-rolled stainless steel sheet and cold-rolled stainless steel welded pipe. It has four major series of products including ferrite, austenite, martensite and dual phase steel. Its carbon steel covers quality plain carbon steel, atmospheric-corrosion-resistant steel, low alloy high-strength steel, welded structural steel, grade-X pipeline steel, etc.

Its products are widely applied to nuclear power, industrial structural components, food machinery, chemical equipment, ocean transportation, vehicle or ship structural components, rail wagon, building decorations, elevators, home appliances, electronic components, auto parts, kitchen & table ware, sanitary ware, medical apparatus and instruments, etc. and the products are sold to the US, Germany, Italy, Romania, Korea, Taiwan and other countries and regions.

**Address:** No. 580 Changjiang Road, Shanghai  
**Postcode:** 200431  
**Tel:** 86-21-26034567



Baosteel Stainless

### Baosteel Special Steel Co., Ltd.

Baosteel Special Steel Co., Ltd., a special materials manufacturing unit established in April 2012 and affiliated to China Baowu Steel Group Corporation, is a large state-owned enterprise engaged in R&D, production and sale of special steel with 3,400 employees and a registered capital of RMB 16.626 billion. It is mainly engaged in iron and steel smelting and processing, non-ferrous metal smelting, rolling and processing, extended processing of iron and steel and non-ferrous metal products, domestic trade, industrial furnace building, wharf handling and warehousing, import and export of goods and technologies, technological consulting, technological service, technology transfer and development of the iron and steel smelting industry, investment, development and operation of real estate, and private house renting.

With five production and manufacturing units as steel making, long products, special products, steel tube and plate and strip, and modern production lines as special smelting, stainless steel and structural long steel products, bright steel, alloy plate and strip, and steel tube, Baosteel Special Steel has built a strategic product group with six core strategic products as anticorrosion alloy, titanium and titanium alloy, high temperature alloy, precision alloy, special stainless steel and special structural steel to mainly serve key industries of national economy of China such as aviation and aerospace, energy and power station and transportation. Its products, such as plate, tube, bar, metal wire, plain bar, strap, disk, string and profiled bar, are widely applied to the fields of aviation and aerospace, nuclear power, automobile engineering, machinery, power station, electronic instruments, petrochemical, etc. It has an annual capacity of around 1 million tons.

**Address:** No. 1269 Shuichuan Road, Baoshan District, Shanghai  
**Postcode:** 200940  
**Tel:** (021)56679080  
**Fax:** (021)56670867  
**E-mail:** office@baosteel-specialsteel.com  
**Website:** [www.baosteel-specialsteel.com](http://www.baosteel-specialsteel.com)

### Shanghai Baosteel Chemical Co., Ltd. (Baochem)

Its predecessor was the Coke-oven Plant of Baoshan General Iron and Steel Works, of with its first phase project completed and put into operation along with Baosteel Co., Ltd. in 1985. In May 2005, it became a branch office of Baosteel Co., Ltd. and in September 2007, it became an independent operating unit and a wholly-owned subsidiary of Baosteel Co., Ltd. In April 2009, Baosteel listed Shanghai Baosteel Chemical Co., Ltd. as one important part of its diversified industries to take charge of development of Baosteel's coal chemical industry. Its registered capital was RMB 2.11 billion. After 30 years of construction and development, the Company now has 4 plants under direct administration, 1 branch office and 8 subsidiaries located in eastern, southern and northern China and 1 overseas representative office.

Baochem is mainly engaged in the production, sale and research of metallurgical chemical products, producing high-tech and high value-added refined chemical products with five major product lines consisting of benzene, naphthalene, phenol, asphalt, and carbon black. It produces more than 50 lines of products including benzene, naphthalene, phenol, oil, cumatone resin, ammonia sulfate, carbazole, anthraquinone, pitch coke, needle coke and carbon black, which are widely used in a variety of industries such as construction, medicine, pesticides, plastics, fuels, tires and dye. Multiple industry-leading indicators for Baochem's premium purified benzene and refined naphthalene have enabled the company to win numerous municipal and national honors for best brand. Premium purified benzene and refined naphthalene products have been honored as Shanghai and Nationwide Customer Satisfaction Products for five consecutive years. And Suzhou Baohua carbon black brand "Baoma" was awarded the title of Jiangsu Famous Brand Product.

**Address:** No. 3501 Tongji Road, Baoshan District, Shanghai  
**Postcode:** 201900  
**Tel:** 86-21-26648409  
**Website:** [www.baochem.com/](http://www.baochem.com/)

**Baosteel Metal Co., Ltd.**

Baosteel Metal Co., Ltd (Baosteel Metal) was established in December 2007, which is a flagship subsidiary of diversified business sectors of Baosteel Group. Its business includes metal packaging, industrial gases, metal products and automobile trading & services, etc. Since its establishment, Baosteel Metal has been growing rapidly in various lines of business. It has become a group company with serving areas all over the country as well as energetically expanding overseas markets, and has built many famous brands such as Baosteel Packaging, Baosteel Gases, etc.

Baosteel Metal has a strong sense of social responsibility and seeks common development of the enterprise and its employees, and it has gradually formed a core advantage based on its team and a simultaneous development of strategy, culture and process. Based on the latest strategic positioning of Baosteel Group, Baosteel Metal is committed to build itself into a value creation platform focused on development of the three strategic lines of business.

**Address:** 2 # Building, Lane 803, Shuangcheng Road, Baoshan District,

Shanghai

**Postcode:** 200940

**Tel:** 2609999

**Website:** [www.baosteelmetal.com](http://www.baosteelmetal.com)

**WeChat Official Account:** Baosteel Metal Co., Ltd.



Baosteel Metal Co., Ltd

**Baosteel Resources Co., Ltd.**

As a wholly-owned subsidiary of China Baowu Steel Group, Baosteel Resources Co., Ltd., established on July 21, 2006, is mainly engaged in the investment, trading and logistics of mineral resources. It is committed to building a platform facing the comprehensive logistics service and resources investment and trade concerning iron and steel and other industrial fields.

On December 21, 2010, Baosteel Resources International Company Limited was established in Hong Kong, which was the overseas headquarters of Baosteel's resources industry; in 2012, Baosteel Resources (Singapore) Co., Ltd. was established, and Baosteel Resources has formed a preliminary network all over the global origins of resources in Australia, Africa, America and Southeast Asia.

Aiming at globalized allocation of mineral resources, Baosteel Resources is committed to providing clients with quality products and value-added services and strives for the leapfrog development and international win-win cooperation in trading of mineral ore, coal, alloy, non-ferrous metals and regenerated metal resources and business including shipping and logistics.

In the process of pursue of its strategic goal, Baosteel Resources constantly innovates its operation modes and promotes construction of "two engines" of investment cooperation and trade operation, which further develops its business of shipping and logistics and enhances its operating capacity in internationalized operations.

Baosteel Resources always adheres to promoting common development of the enterprise and its shareholders, clients, suppliers, staff and the society. It continuously refines operating functions as exploration, design, mining and dressing, processing, transportation, trade and investment to build a maturer industrial structure, tries to enhance its core competitiveness and strives to become a world-class comprehensive mineral resources supplier.

**Address:** No 568, East Daming Road, Hongkou District, Shanghai

**Postcode:** 200080

**Tel:** 86-21-35880888

**E-mail:** [bgresources@baosteel.com](mailto:bgresources@baosteel.com)

**Website:** <http://www.baosteelresources.com>



Baosteel Resources Co., Ltd

**Baosteel Engineering & Technology Group Co., Ltd.**

On August 5, 1999, Shanghai Baosteel Engineering & Technology Co., Ltd. was established. In August 2009, the Engineering & Technology Committee of Baosteel was founded. In April 2010, former Shanghai Baosteel Engineering & Technology Co., Ltd. was restructured into a flagship company by absorbing and integrating relevant engineering technologies, steel structure business and resources. And Shanghai Baosteel Engineering & Technology Co., Ltd. is renamed Baosteel Engineering & Technology Group Co., Ltd., which is now a wholly-owned subsidiary of China Baowu Steel Group Corporation. Its registered capital was RMB 2.820 billion.

It has a complete engineering and technology industry, and is developing its strategic business including energy saving & environmental protection, and city building, and strengthening and improving such professional line of business as metallurgical engineering, equipment manufacturing and project consulting. As a regenerative business, industrial technological services can guarantee the enhancement of the competitiveness of the steel main business. Its service scope covers project general contracting, project management and engineering consulting, engineering design, project bidding, project supervision, equipment design and manufacturing, complete equipment supply, construction management, operating maintenance, product inspection and services covering metallurgical industry, environmental protection, energy, finance, coal chemical industry, municipal administration, etc.

**Address:** No.7, Lane 550, Keshan Road, Shanghai, China

**Postcode:** 201900

**Tel:** 86-21-66786678

**Website:** <http://www.baosteelengineering.com>



Baosteel Engineering

**Baosteel Development Co., Ltd.**

Baosteel Development Co., Ltd., as a wholly-owned subsidiary of Baosteel, was formerly known as Baosteel General Plant Enterprise Development Corporation established in September 1986; in the end of 2007, it was renamed Baosteel Development Co., Ltd. through reforms and restructuring. It is mainly engaged in comprehensive utilization of solid waste resources, environmental improvement, quality life, real estate operation and management, auxiliary production, logistics distribution, plant property management and other services, capable of providing industrial, enterprises and urban system with systematic integrated solutions and is committed to becoming a leading and influential supplier of complex services such as environmental protection, quality life and auxiliary production.

**Address:** South Building of Baoshan Hotel, No. 1813 Mudanjiang Road,

Baoshan District, Shanghai

**Postcode:** 201999

**Tel:** +86 21 56125101

**Website:** <http://www.baosteeldevolving.com>

**Shanghai Baosight Software Co., Ltd.**

Shanghai Baosight Software Co., Ltd. (Hereinafter referred to as "Baosight"), established in April 2000 and based in Zhangjiang Hi-tech Park, Pudong, Shanghai, is the IT software business unit of Baosteel and is under the direct control of China Baowu Steel Group Corporation Limited. Baosight's shares were listed on the Shanghai Stock Exchange in April 2001 with a registered capital of RMB 341 million.

Baosight is committed to practicing the business philosophy of "Providing IT services to enhance the value of information". With over 30 years of accumulation of experience and technologies, it provides comprehensive enterprise informatization solutions, automatic system integration and operation maintenance service with independent intellectual property rights. Its products and services cover multiple sectors ranging from iron and steel, nonferrous metals, equipment manufacturing, medicine, chemical industry, mining and extracting, smart transportation, finance, to water conservancy and water affairs. Baosight has applied and obtained certification of hundreds of patents, software copyright, and know-how. It undertakes a number of key technology and product projects such as the demonstration project of high-tech technological industrialization initiated by the NDRC, 863 Project of Ministry of Science and Technology and electronic fund project of Ministry of Industry and Information Technology of the P.R.C.

**Address:** No. 515 Guoshoujing Rd., China (Shanghai)

Pilot Free Trade Zone

**Postcode:** 201203

**Tel:** 86-21-20379999 86-21-20378899 86-21-20378900

**Website:** [www.baosight.com](http://www.baosight.com)



Baosight

**Ouyeel Commerce Co., Ltd.**

Ouyeel Commerce Co., Ltd. (hereinafter referred to as "Ouyeel Cloud Commerce") is a service-oriented third-party iron and steel service platform established by Baowu in February 2015 by integrating the former electronic iron and steel transaction resources and taking "service-oriented manufacturing system" as the business mode on the basis of new technological means such as the Internet, the Internet of Things, Big Data and Mobile Internet. It integrates information, settlement of transactions, logistics and warehousing, processing and distribution, investment and financing, financial intermediaries and featured services of technology and industry into one, which contributes to joint development and a win-win situation of entities such as iron and steel manufacturers, iron and steel traders, logistics and processing service providers and steel clients, and makes business dealings more convenient, faster and reliable.

**Address:** Room 3001, 9# Building, Lane 803, Shuangcheng Road, Baoshan District, Shanghai

**Postcode:** 200940

**Tel:** 95025

**Website:** [www.ouyeel.cn](http://www.ouyeel.cn)



Ouyeel Cloud Commerce

**WeChat Official Account:** Ouyeel Cloud Commerce (Ouyeel) (ouyeel)

**Baowu Group Environmental Resource Technology Development Co., Ltd.**

Baowu Group Environmental Resource Technology Development Co., Ltd. (hereinafter referred to as "Baowu Group Environmental Resource Technology Development"), established on December 30, 2016, is a first-tier subsidiary approved and directly administered by China Baowu Steel Group Corporation.

Baowu Group Environmental Resource Technology Development aims to build a professional platform based on comprehensive utilization of solid waste resources of China Baowu Steel Group Corporation and environmental protection and facing third-party treatment of industrial and urban environmental pollution, provide strong support for the leapfrog development of the steel main business and the integrated development of the steel industry and city, and build a leading enterprise enjoying great popularity in China's environmental resource technology development and featuring professionalization, marketization and socialization.

**Address:** 12th Floor, Building A, Dongding International, Lane 600, Mohe Road, Baoshan District, Shanghai

**Postcode:** 201999

**Tel:** 86-21-36588698

**Hwabao Investment Co., Ltd.**

Hwabao Investment Co., Ltd. (hereinafter referred to as "Hwabao Investment"), established in March 2007 with a registered capital of RMB 9.369 billion, is a wholly-owned subsidiary of Baowu. Following the principles which meet corporate governance structure, Hwabao Investment carries out control and management on the companies of the finance sector of Baowu including Hwabao Trust, Fortune SG Fund Management Co., Ltd., Baowu Securities and Baosteel Group Finance Co., Ltd. so as to promote resource sharing and business interaction.

As a flagship company of Baowu in finance and service sectors, Hwabao Investment follows the concept of "respecting clients and deeply rooted in the market" to enhance brand influence and quality, and aiming at development of new approaches to industry-finance integration, conducts classified management and professional management and supervision over long-term equity investment so as to effectively improve equity value.

**Address:** 59<sup>th</sup> Floor, Shanghai World Financial Center, No. 100 Century Avenue, Shanghai

**Postcode:** 200120

**Tel:** 86-21-38506555

**Shanghai Baoland Co., Ltd.**

Baoland is a wholly-owned subsidiary of Baowu. With a focus on internal inventory real estate to conduct revitalization and utilization of inventory real estate, it is mainly engaged in investment, design, engineering construction, investment attracting operation, property management, assets operation and other links.

**Address:** 25<sup>th</sup> Floor, Building B, Baoland Plaza, No. 588 Dalian Road,

Yangpu District, Shanghai

**Postcode:** 200086

**Tel:** 65868500

**Wesocool Innovation Park**

Shanghai Wesocool Innovation Park Co., Ltd. (hereinafter referred to as the Company), registered and established in June 2016, is a wholly-owned subsidiary of Baowu and is affiliated to the sector of real estate and urban new industry of Baowu.

In order to respond to the national call of "mass entrepreneurship and mass innovation", implement the goal of "building Shanghai into an internationally influential scientific and technological innovation center" and integrate the transformation of Baosteel Special Steel into the development strategies of Baoshan District and the whole Shanghai, Baowu and the Government of Baoshan District, jointly planned and established the "Wesocool Innovation Park". As the development and operation platform of "Wesocool Innovation Park", the Company will gradually transform the land parcel of Baosteel Special Steel to be transformed, actively build an industry development system dominated by scientific and technological innovation industries and supported by finance and cultural creation. Concentrating on the direction of "new materials" and "smart manufacturing", the Company introduces new elements of technical innovation of Baosteel and tries to attract internal and external industry chain, innovation chain and resource chain so as to build "Wesocool Innovation Park" into a major platform for Baosteel's scientific and technological innovation system and further builds it into "Wesocool Science and Technology City", so as to set an example for urban upgrading and industrial transformation.

Situated in the Wusong area in Baoshan, north in Shanghai, neighboring the Outer Ring Expressway and connected to exits of Metro No. 3 on Shuichan Road, Baoyang Road and Songbin Road with a distance of 10 to 15 km away from the downtown area, the Park has convenient transportation and possesses refined supporting facilities. With phase I development area of about 500 mu, the Park tries to build a regional headquarters, a R&D center, a marketing center and a supporting commercial center with technological environment in accordance with the positioning target of "one headquarters and three centers" by Baoshan District Government.

**Address:** No. 1269 Shuichan Road, Baoshan District, Shanghai

**Postcode:** 200940

**Tel:** 33791211

**WeChat Official Account:** Wesocool Innovation Park



Wesocool Innovation Park

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Thank you for reading this "Baowu CSR Report 2016". Baowu greatly values your comments and suggestions so that we are able to make improvements accordingly. Please feel free to scan the following QR codes and log on to our official website to fill out the "Survey Form for Stakeholders' Issues of Concern".

